World News

Iran will support Saudis on oil price

barrel despite acute tensions between the two states.

The indication came as fighting in the Gulf war intensified ahead of the peace mission to Iran and Iraq by UN Secretary General Javier Perez de Cuel-

New Namibia hope

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PORE

THE WAY THE

121 122 123 124

10 E 45

Assistant US Secretary of State for Africa Chester Crocker left Luanda, after meeting President Jose Eduardo dos Santos, to consider new Angolan proposals which diplomats said had raised hopes of progress towards a Namibia settlement.

Pope arrives in US The Pope arrived in Miami for a nine-day tour of the US.

Pakistan blast deaths At least two people were killed when a bomb exploded in a fruit market in Labore, Pakis-

Yugoslav strike wave Some 5,000 Yugoslav machine plant workers went on strike, joining a wave of unrest-over inflation and low pay:

Bangladesh aid pledge Britain promised \$3m in emergency aid for the homeless left by Bangladesh floods.

Reagan Contra plea

Secretary of State George Shultz said President Reagan wanted the US Congress to ap-prove \$270m over 18 months in aid for Nicaraguan Contra reb-

China death sentences A Peking court sentenced six people to death for taxi rob-

Mengistu elected

Military ruler Mengists Haile Mariam was elected unopposed as first president of the new People's Democratic Republic of Ethiopia.

EC aid for Africa

The European Commission proposed a \$115m two-year programme to help the poorest countries of sub-Saharan Afri-

Chile powers renewed Chilean President Augusto Pin-ochet prepared to celebrate the 14th anniversary of his coup by renewing emergency powers that allow him to exile oppo-nents or banish them internally without trial Placehet's grip.

Kabui puli-out closer Afghanistan and Pakistan had narrowed differences over a timetable for the withdrawal of

Soviet troops from Afghanistan, a UN official said. Page 4

Plea to Colombia Amnesty International said it had asked Colombia for an urgent investigation of the murder of two leading human rights ac-

Burundi leader Burundi coup leader Pierre Buyoya was named as president and met leaders of neighbour-

ing states to seek recognition. Sihanouk welcome

Cambodian Premier Hun Sen said exiled Prince Norodom Sihanouk would be welcome to re-

Calcutta riots At least 60 people were injured when Indian police fired in the air and detonated tear-gas canisters to disperse thousands of stone-throwing demonstrators protesting at plans to redevelop

a Calcutta park.

Bashford dies at 72 Pat Bashford, former leader of Rhodesia's multiracial Centre Party, died in Harare, aged 72.

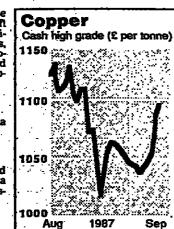
Business Summary

No. 30.334

London SE to impose £1 fines on backlog

Iran said it was determined to LONDON Stock Exchange mem-co-operate with Saudi Arabia in bers are to be fined £1 (\$1.65) a support of an oil price of \$20 a day for each transaction dating from the time of Big Bang if they fail to settle within six weeks. Some members had lobbied for fines up to £30 to encourage prompt settlement. Page 22

COPPER prices reached fresh 4½-year highs on the London Metal Exchange yesterday as the strength of the New York



for the fifth trading day in suc-cession. The cash Grade A posi-tion closed £14 up at £1,099 a tonne. Page 34

WALL STREET: The Dow Jones industrial average closed 26.78 up at 2,576.05. Page 46

LONDON: UK securities opened more brightly but were unable to extend early gains as invest-ment institutions stayed away, reluctant to take positions be-

TOKYO: Equities and bonds moved lower on rumour that two medium-sized Japanese banks had suffered investment failures similar to those of Tateho. Although the banks denied the losses, the Nikkei stock average slid 142.69 to 24,795.24 in lower turnover. Page 48

GOLD rose in London to \$460.00 from \$457.50. It also rose in Zurich to \$460.35 from \$458.25. Page

DOLLAR closed in New York at DM1.80525, Y142.45, SFr1.4935 and FFr6.9425. It rose in London to DM1.8065 (DM1.7965); FFr 6.0425 (FFr6.0125); SFr1.4950 (SFr1.4870); and to Y142.50 (Y141.55). On Bank of England figures the dollar's in-dex rose to 100.8 from 100.4.

US REGIONAL telephone companies, broken off from the American Telephone & Telegraph company in 1984, were graph company in 1984, were westerday permitted by a Washington federal judge to offer the public advanced electronic information services.

In a medity services, is beneficial, said one analyst.

In explaining his continued restrictions, Judge Green said that if the regional companies them an unfair edge in these businesses.

Ref. Indee. STERLING closed in New York at \$1.64625. It fell in London to \$1.6450 (\$1.6510). It rose to DM2.9725 (DM2.9650); FFr9.9400 (FFr9.9275); SFr2.4600 (SFr2.4550); and Y234.50 (Y233.75). The pound's exchange at the statement of the rate index was unchanged at

72.9. Page 35 BRITANNIA Arrow Heldings, UK financial services group, is to buy County Unit Trust Managers, National Westminster Bank's unit trust business, for £41.5m (\$68.5m) in cash. Page 23

ALLEGHENY International embattled US consumer prod-ucts group, and its former chair-man, have been charged by the US Securities & Exchange Com-mission with corporate report-ing and record-keeping viola-tions. Page 23

CANADIAN Pacific, transportation, resources and industrial conglomerate, will concentrate on developing its four core sectors and has no acquisitions in sight that would absorb part of its C\$500m (US\$378m) in cash.

large trade external imbalances remain the greatest threat to a sustained recovery AP-Dew Jenes reports from Paris. MONTEDISON, Italian chemicals, pharmaceuticals, energy and financial services group, last night unveiled a 15.9 per cent drop in its gross operating old world economic recovery profit for the first six months of may be fizzling out.

The Washington-based organ-

ASIA SECURITIES International, Hong Kong-based flagship company of Mr Bill Wyllie, has sold 100m shares in Chinese Estates, property group controlled by Mr Joseph Lau, raising HK\$210m (US\$26.9m) before costs. Page 24

Aquino faces problem of corking the military genie

PRESIDENT Corazon Aquino of the overthrow of her Govern-the Philippines faces a critical ment.

test of her leadership after sur
But Mrs Aquino's problems

be and about 1,000 men were cause they had tried to join the holed up. "Loyal" government troops showed very little inter
In each successive attempted viving the fifth and easily most serious attempt to topple her in

a coup.

The latest political crisis has led to the mass resignation of her cabinet. It has also raised the prospect that the military may again take a more active role in politics, unless Mrs Aquino moves quickly to fill what is beginning to look like a Dower vacuum.

Mrs Aquino tried to present a strong and decisive face yesterday, announcing that some min-isters are to be sacked and a new Cabinet formed during the and a low-mile long peninsula and a low-mile long peninsula isters are to be sacked and a new Cabinet formed during the weekend. She appealed on television for public help to prevent the military camp where diers had to be withdrawn be-

are not with the public, which largely still hero-worships her-they are with the armed forces which helped her to power in the first place.
Even if she handles the re-

shuffle perfectly, by successfully balancing the demands of the radicals and the pragmatists in her Government, the most diffi-cult task still lies ahead: to work out why her military has been so consistently mutinous and then try to tackle its apalling inefficiencies.

est in capturing the mutineers. He left behind a military

which increasingly identifies with his cause - less "coddling" of Communist insurgents by the Government, more recognition for the soldiers both in pay and conditions and a greater mili-tary say in the civilian Govern-

As a reminder of who the real enemy is, the Communist-led New People's Army this week cut road links between Manila and a 100-mile long peninsula by blowing up three key bridges on successive days. Instead of

coup, the mutineers have claimed that they were not in-terested in toppling Mrs Aquino

from the Cabinet and a tougher stand taken against the insur-Most observers believe that the Cabinet problem is not so much Communist sympathisers as policy obstruction by close advisers to Mrs Aquino, particu-larly Mr Joker Arroyo, the Exec-

ntive Secretary, widely criti-cised for both incompetence and left-wing sympathies. However, Mrs Aquino appears to be Continued on Page 22

but wanted to see alleged Communist sympathisers removed

Argentina attempts to freeze interest rates on \$54bn foreign debt

BY TIM COONE IN BUENOS AIRES

PRESIDENT RAUL Alfonsin has said Argentina will seek to freeze interest rates on its

freeze interest rates on its \$54bn foreign debt.

His speech, delivered on Wednesday night, contained his strongest public attack yet on the International Monetary Fund and foreign banks.

It gave the first indication of a chill of complexity indication of a chill of complexity in divergment.

shift of emphasis in government economic policy since the heavy defeat suffered at Sunday's polls by the ruling Radical Par-President Alfonsin said the Government would immediately

begin 'a campaign...in a perma-nent search for the freezing of interest rates at historic levels". In a television interview fore the release of US trade data. The FT-SE index was up 4.1 at 2,253.2 and the FT Ordinary index rose 5.2 to 1,761.3. Details, num in real terms".

num in real terms".

In Wednesday night's speech he criticised the lending policies of the commercial banks, the World Bank and especially the IMF, which had imposed "ideulous recipes".

Future agreements would no longer be linked to "anachronis.

formation services.
In a major ruling, the court

freed the seven regional compa-nies, known as the Baby Bells,

to transmit information ser-

vices, such as videotex, down their local networks. But Judge Harold Greene, in a

lengthy ruling regarded as his most significant since he ap-proved the break-up of AT & T's

Bell System monopoly, rejected the Baby Bells' requests to gen-

erate such information them-selves to manufacture telecom-munications equipment and

The Fund's view that the mo-

mentum of growth will be main-tained in the near term con-trasts with fears voiced by some

economists that the five-year-

The Washington-based organ-

ization admits that its economists have scaled back their

forecast for inflation-adjusted

growth in the industrial coun-

tries in 1988 to 2.6 per cent in 1988 from the 2.8 per cent rate

they had estimated last spring. However, the revised 1988 fig-

indication of what sanctions the freeze on interest rates "to de-country might impose if the fend the interests of the Argen-

One result of the election, and

upset by a lengthy attack on his economic policy by Mr Eduardo De La Fuente, president of the Argentine Industrial Union, set aside his prepared speech on Wednesday night and, in a querulous voice, blamed the problems encountered by his according to the Page 22

lems encountered by his eco-

sees the anti-trust settlement reached between AT & T and

the US Justice Department, did

IMF optimistic for '88 growth

The latest predictions are contained in the IMF's semi-annual world economic outlook, which has been distributed to

member governments before the joint annual IMF/World Bank meetings in Washington later this month.

The IMF says economic activi-

ty is being underpinned by co-ordinated policy changes made

earlier this year by the main in-dustrialised countries and these should help to improve

business confidence and sus-

The IMF has scaled back its

expects for 1987.

THE IMF takes a relatively optimistic view of the world economy in 1988 but it believes that growth rate that the Fund now

eased by federal judge

tic positions which, instead of nomic team on the fall in facilitating the development of commodity prices and the rise peoples, only bring them stagin interest rates payable on the nation and paralysis. nation and paralysis. foreign debt. He then an-The announcement gave no nounced his intention to seek a

country might impose if the banks or IMF refused to accept Argentina's proposals. But the message was clear that Argentina's negotiating stance would be substantially hardened.

President Alfonsin was making his first public appearance on Wednesday since the election, in which the opposition Peronist Party made a comeback.

Alfonsin was making his first public appearance of import expansion. Policies of import substitution, a lowering of interest rates and an end to the "monetarist culture" were necessary to re-establish investor confidence.

One result of the election, and offers of resignation by Cabinet ministers on Monday night, is uncertainty whether Mr Juan Sourouille will continue much sourouille will continue much proposals put forward by economists linked to the Peronist Particles of the proposals. however, tor confidence.
Reflation of the economy Sourouille will continue miss linked to the revolution of the proposals, however, clash directly with those made

were allowed to sell informa-tion services, they might be tempted to limit the access of competing information provid-

to 2.7 per cent from a previous forecast of 3.1 per cent. A growth rate of 2.4 per cent is ex-

The IMF has revised upward its growth estimate for West Germany to 1.5 per cent in 1987 and 2.3 per cent in 1988 from 1.9 per cent and 2.0 per cent re-

spectively. Growth in Japan is

also expected to be slightly bet-ter than was thought earlier this year: 3.2 per cent in 1987 and 3.4

But the IMF has cut back its

growth forecast for France to 1.5 per cent in 1987 and 1.8 per

cent in 1988. Britain's rate of ex-

pansion is expected to drop to

2.2 per cent in 1988 from 3.3 per

cent this year, while that of Italy will remain relatively steady in

pected in 1987.

ers to their local networks.

the US Justice Department, and drop his insistence that the Baby Bells seek the court's approval before entering businesses outside outside conditions of the old system.

Although the Baby Bells agained only partial success yesterday, Wall Street responded favourably.

The regional companies would have the same incentives, as well as the same means for discrimination, manipula-

favourably.

"Anything that allows the Bell operating companies to go into value-added, rather than combefore the break-up," he said.

Continued on Page 22

cent to \$2.66bn. **US** telephone restrictions

crease in oil prices this year. A sharp rise was also seen in machinery imports, up 37.8 per cent to \$1.5bn, indicating the in-

US believes most **Imports** drive down weapons-treaty **Japanese** hurdles cleared surplus By Ian Rodger in Tokyo

BY OUTENTIN PEEL IN BRUSSELS AND ROBERT MAUTHNER IN LONDON

THE VALUE of imports into Japan soared by a third last month as the strengthened yen finally began to have a strong impact on the country's trade.

The imports surge drove the country's trade surplus down to \$5.15bn on a customs-cleared basis, 31 per cent lower than in August 1986. On the Tokyo foreign ex-change market the figures lifted

the dollar, but they came too late to have an impact on the Tokyo stock and bond markets, which were weaker. Japanese trade officials said

the sharp increase in imports reflected the impact of the strong yen on trading patterns, the effect of Japanese investment in plants abroad and offi-cial efforts to open the Japanese market.

It was the fourth successive

monthly decline in the trade surplus. The value of imports last month rose 32.9 per cent to \$12.4bn, while that of exports rose only 4.4 per cent to \$17.58bn. Japan's surplus with the US

fell to \$3.7bn, 15 per cent lower than in August 1986. It was the first year-on-year drop in the bi-lateral surplus for five months. Exports to the US were down 1.6 per cent to \$6.39bn, while imports from the US rose 27.5 per

were up 19.8 per cent, while exports rose 1.4 per cent.

• Mineral fuels, where imports were up 45 per cent to \$3.2bn in the month, led the surge in im-ports, reflecting mainly the in-Continued on Page 22

cials said yesterday.
In another sign of the momentum for a missile deal, President Reagan is to hold "substantive" talks with Mr Eduard Shevardnadze, the Soviet For-eign Minister, at the White House next Tuesday. The meet-ing, which had been expected, will give the President the op-posturity to discuss progress in portunity to discuss progress in must also be destroyed. However, Mr Nitze, v

At separate press conferences in Brussels and Washington re- tary of State, and Mr Eduard in Brassets and Washington re-spectively, Mr Paul Nitze, chief Shevardnadze, his Soviet oppo-arms control adviser to the site number, underlined the President, and Mrs Rozanne US's position that the talks Ridgway, Assistant Secretary of were about missiles, not war-Ridgway, Assistant Secretary of State for European Affairs, were optimistic about the prospects of a superpower deal, while stressing that technical details still remained to be tied

up. work it out if the Soviets wish to
They were also hopeful that
an agreement on the reduction
of long-range strategic nuclear

They work it out if the Soviets wish to
work it out if the Soviets wish to
work it out if the Soviets wish to an Community fell 14.5 per cent to \$1.380n. Imports from the EC the near future. Mrs Ridgway inspection and verification of the near future. Mrs Ridgway inspection and verification of even said such an accord could the disarmament agreement, be concluded before President and the timetable for the phas-Reagan left the White House at the end of 1988. sides.

THE US considers that most ment by Chancellor Helmut major obstacles to the early Kohl of West Germany that conclusion of an agreement between Washington and Moscow equipped with US-controlled on the world-wide elimination of medium-range missiles have tled, had liquidated that issue." now been removed, two of President Ronald Reagan's top offi-still insisting that any intermediate-range nuclear forces agreement must refer to them.

In an interview with the Guardian yesterday, Mr Viktor Karpov, the Soviet Foreign Min-istry's chief arms control adviser, said Moscow was insisting some 400 Pershing IA warheads held on American soil, in addi-tion to the 72 in West Germany,

the arms control negotiations before Mr Shevarduadze has briefing Nato ambassadors on further talks with Mr George Shultz, the US Secretary of arms talks ahead of next week's meeting in Washington between Mr George Shultz, the US Secre-

were about missiles, not war-heads.

"We think they have created some artificial problems which must be got out of the way," he said. We are optimistic we can work it out if the Soviets wish to

the end of 1988.

At the same time, Mr Nitze accused the Soviet Union of raising new last-minute "artificial problems" over the removal of the warheads on 72 Pershing IA missiles owned by West Germany.

sides.

Mr Nitze declined to give any likely timescale for a conclusion of the negotiations because a "lot of detail was left to be resolved." Nevertheless, the two delegations were already working on a joint draft text of an many. ing on a joint draft text of an Mr Nitze said the announce-



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World Trade Companies 28-32

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CHILEAN

MILITARY STRONGMAN CELEBRATES ANNIVERSARY

tain demand.

General Pinochet's regime shows little sign of loosening its grip on the country, Page 6

projection for real gross nation-al product in the US next year cent. Iran: factions within the regime 4 Management: profit-related pay 12 Technology: mixing sake with superconductors

Hungary: survey Editorial comment: Brazil places a marker; rented housing..... West Germany: Mr Strauss waits for

First City Bancorp: rescue may resolve

Eta bombs seen as reply to wave of arrests

TWO fresh terrorist attacks in the Spanish Basque country were seen here yesterday as the reply by hard-line leaders of the Eta organisation to recent arrests and to the Madrid Government's renewed attempts to persuade Eta members to lay

down arms.

In the first attack at Guernica, east of Bilbao, on Wednesday night, two Civil Guards were killed by a remote-controlled ear bomb containing 20 kg of explosive and shrapnel.

Coming after the shooting at close range of a Civil Guard officer in Bilbao on Tuesday, it brought to 42 the total of deaths

brought to 42 the total of deaths in the Basque conflict since the beginning of the year, including 21 killed by an Eta car bomb at a Barcelona hypermarket in June.

The bombing was followed by a rocket attack against a civil guard barracks at Ordizia, south of San Sebastian, yesterday morning. There were no victims,

A separate terrorist attack at a court near Lerida in north east Spain, in which a 60-yearold widow living next door was killed, was claimed by Terra Lliure, a small Catalan group believed on some occasions to have collaborated with Eta.

Eta had been expected to make a show of force after the arrest at the weekend of three

alleged members of its so-called Barcelona Commando, held responsible for the hyper-market bombing. This was the third big breakthrough claimed by Spanish police following successful operations against Eta units in Madrid and San

Madrid police have been on special alert and the co-operation of the general public has been sought in order to head off a possible action in the capital, with the reported presence in Madrid of one of Eta's top figures, Mr Jose Luis Urrusolo Sistiaga.

The renewal of Eta activity is The renewal of Eta activity is also seen as underlining the organisation's public rejection of holding ceasefire talks on the Government's terms, which clearly exclude political concessions. The offer of talks, first made in 1984, was repeated by Mr Felipe Gonzalez, the Prime Minister, two weeks ago, and the Government later conand the Government later confirmed for the first time that contacts with Eta had been

Eta, however, issued a com-munique criticising the lack of concrete proposals and the "intransigence" of Spanish officials in the three meetings with exiled Eta figures which it said had taken place in Algeria since last November.

Soya link to Barcelona asthma attacks confirmed

BY OUR MADRID CORRESPONDENT

THE HEAD of a medical team was regarded as a safe product. investigating an outbreak of severe bronchial asthma attacks in Barcelona, in which four people have died in the last week, has confirmed the existence of "a very significant tence of "a very significant break last weekend. However, relationship" between the health authorities have allowed to the companies of the proposed of the proposed of the confirmed the existence of "a very significant break last weekend. However, relationship" between the health authorities have allowed to the proposed of the propos phenomenon and the unloading

of bulk soyabean shipments.
Dr Josep Asto was, however, quoted by the Barcelona news-paper La Vanguardia as saying that the chances of a further outbreak were "remote" and three companies engaged in processing soyabeans in the area to resume activities other

than unleading. The allergy problem, which it is thought may be linked to dust from the shipments, has that the conclusions of the affected some 200 people who investigation had "nothing to already suffered from respira-do with human or industrial tory troubles. About 20 were consumption of soya," which still in hospital yesterday.

Chirac delays bid to tighten nationality law

THE GOVERNMENT of Mr naturalisation between the ages nationality law, however, the able doubt whether the Chira postponed until after next allegiance to the French state spring's presidential elections and constitution. The applicaits earlier commitment to tion would be refused if the tighten up France's nationality applicant had been condemned laws to the relief of the to more than six months in laws, to the relief of the centrists in the governing coalition, to the delight of the opposition Socialist Party, and the rage of the ultra-right wing National Front party led by Mr Jean-Marie Le Pen.

In its election platform last In its election platform last year, the Gaullist party and its centrist allies attempted to ward off the anti-immigrant campaign of the National Front by proposing to tighten up access to French nationality. Under the existing 1973 law, nationality is acquired virtually automatically by virtue of birth in France.

The new draft law, put forward by the Gaullists a year ago, proposed that the child of a foreigner, born in France, could only acquire French by applying for

BY JOHN WYLES IN ROME

THE EIGHT-VESSEL task force

which the Italian government has

assembled to aid freedom of naviga-

tion through the Gulf stands ready

to sail, But after a day and a half of Parliamentary debate and still more to come, it is not yet known

when the three minesweepers,

three frigates and two support ships will get under way.

In some corners of the capital

there are doubts about whether

they ever will, and if so, whether they will actually arrive. Late on Wednesday night, the

five party coalition government comfortably secured a Senate vote

of confidence on the issue and it

faces a second vote in the lower

US and the Turkish newspaper

Gunaydin, Reuter reports from key.

House on Saturday.

Jacques Chirac has, in effect, of 16 and 20, and swearing prison, or failed to demonstrate sufficient knowledge of the French language.

The proposal followed another

anti-immigrant move by the Government in the summer of 1986, intended to make it easier for the authorities to expel foreigners from France, on the grounds of being a threat to public order, if condemned to more than six months in prison. Though softened during its passage through parliament, the draft law was still judged in conflict with the constitution by the Conseil Constitutionnel. Yet within six weeks of its adoption in its final revised form, the new law was invoked to permit the expulsion of 101

On the question of the

Italy's Gulf task force awaits

confirmation of departure date

force's departure will have evapo-

rated. However, the Defence Minis-

ter, Mr Valerio Zanone, has refused

to name the day, saying that he

must consult the prime minister,

Mr Giovanni Goria who spent yes-

terday meeting his counterparts in The Hague and Madrid.

ing a delay, or an extremely slow

passage down to the Gulf, is the peace mission to Iran and Iraq

which is being undertaken by Mr

Perez De Cuellar, the UN Secretary

ABOUT 20 Kurdish and Turkish about two hours, were carried out the death of a Turkish leftist, Mr refugees yesterday staged peaceful by members of the Communist Par-Didar Sensoy, alleged to have been takeovers of the Athens offices of the Associated Press international Marxist Leninist Party (ML) march in Ankara on September 1.

ment of political prisoners in Tur-

Refugees occupy Athens offices

news agency, ABC Television of the against what they termed maltreat

The principal reason for expect-

Assuming that this is won, all po-litical pretext for delaying the task peace with justice," was the final

"I am following the Secretary gives the impression of wanting to General's imminent journey with act like a major European power in baited breath and I pray to God that protecting its interests

Government has been showing Government still intended to increasing doubts since the press ahead with a tightening beginning of this year, mainly because of the reluctance of the presidestial elections next contrist members of the coali- spring. tion to go down a road whichthough no doubt popular with a substantial proportion of the French population -- would be at variance with a long French tradition, and would expose the Government and especially the Gaullists to attacks from the

In June, Mr Chirac sought to In June, Mr Chirac sought to escape from the contradictory pressures on the nationality issue from the Front National on his right, and his coalition partners in the UDF on his left, by setting up a special commission of 16 wise men, headed by Mr Marceau Long, vice-President of the Conseil d'Etat, to examine the whole question from the beginning.

question from the beginning. Yet there remained consider-

heartfelt declaration to the Senate by Mr Giulio Andreotti, the Italian

He was echoing a sentiment ex-

pressed by all the governing parties

that the Italian naval expedition may be rendered unnecessary by

Mr Perez De Cuellar's efforts.

Many influential speakers went fur-

ther, however, and urged the gov

ernment to withhold sailing orders until the results of his mission were

For the moment, the govern

The demonstrators, who live in a

Foreign Minister.

up of the nationality law before

That doubt now seems to have been removed. Earlier this week. Mr Chirac indicated that the issue would be postponed until after the presidential elections unless the commission of 16 wise men should show that there was a general cons on the question.

Unless it comes up with some milooked-for judgment of Solomon, it seems unlikely that the Government will be able to return to the attack before the presidential elections. Such a move might appease voters from the National Front to Mr. Chirac's right, but it would hand an additional weapon to his more important oppenents, Mr Raymond Barre in the centre, and (probably) President Francois Mitterrand.

Protesters held after Iranian embassy siege

By Karen Fossii in Osio

A GROUP who held 10 people, in cluding two children, hostage in the Iranian embassy in Oslo were arrested yesterday after surrendering

The embassy's charge de affaires, who was struck on the head, was the only person injured during the incident. Oslo police were unable to identify the origin of a number of shots heard during the seige.

The action, which lasted three nours, was part of a 10 European city protest which began yesterday morning against the Ayatollah Kohneini's regime.

The 11 protesters are believed to be linked to the Marnist-Leninist organisation OGFPI which is based

A Justice Ministry official said the seige was designed to protest at the export of weapons to Iran and to highlight the number of prisoners held in Iranian jails.

The official said the protesters were believed to be connected to the occupation of London's Iranian Consulate two years ago.

Iran's ambassador to Scandinav in was not in the embassy during

East German press quiet on new rules for Western imports

BY LESLIE COLITT IN WEST BERLIN

failed to publish a list of new regulations agreed on with West Germany earlier this week to widen the list of items which may be brought or mailed to East Germany.

Despite blanket East German

media coverage of the visit to West Germany by the East German leader, Mr Erich Honoslan and land back out again. er, Mr Erich Honecker, only oblique mention was made of the simultaneous announcement in Bonn that restrictions would be eased. The new regulations allow previ-

ously banned speciality publica-tions to be sent or brought into East Germany along with Western calen-dars, yearbooks and stamp cata-logues. However newspapers and

quests for Western publications by East Germans with relatives and friends in the West

lowed into East Germany provided East Germany the difference they do not violate the interests of land values.

THE OFFICIAL East German press the Socialist state and its citizens." Customs duties on electronics will be lowered to between 40 per cent and 60 per cent of the retail price in West Germany.

illi

Travellers are to be permitted to

Another result of Mr. Honecker's visit to West Germany is the re-sumption of negotiations between East German and West Berlin officials over exchanges of property on either side of the Berlin wall.

The most prominent piece of land, belonging to East Berlin, juts into West Berlin near Potsdamer general interest magazines will still Western officials in East Berlin said the East German authorities would like to obtain the land and applicable with the land and other beautiful and and other beautif other bits of property on the eastprobably withheld the information to forestall an avalanche of retions along the border.

In return it is prepared to cede three uninhabited West Berlin en-Tape recordings are also to be al- claves inside East Berlin and to pay

Austria widens probe into Iran arms sales

BY JUDY DENPSEY IN YIENNA

people after Mr Peter Unterweger, the former head of the arms manufacturers, Norlcum, a subsidiary of Austria's largest end on suspicion of illegally selling arms to Iran.

Mr Unterweger is under investigation for selling 200 cannon and munitions worth \$300m to Iran in 1985. A spokesman for Voest-Alpine earlier this week denied that the company had "ever know-

THE AUSTRIAN authorities was replaced as chairman of have begun investigations into Noricum last April in a shake-the trading activities of several up but who still retains a conup but who still retains a consulting role.

investigations

Vanish

¹⁰ shar

The new

involve the former managestate-run steel and engineering ment of Noricum as well as group, was detained last weekwho died last month. So far, none of them has been detained. The authorities in Linz are still going through the papers seized last weekend. It has since been disclosed in the Austrian press that as late as 1986, Noricum was sellthe company had "ever knowingly seld arms to Iran."

During the three-day search of Noricum's premises, which is based in Linz, the authorities found documents and 1985. "Austrian newspapers papers. A court in Linz will are openly asking whether formally to charge and arrest Mr Unterwegar, who

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THE NATION'S MOST CENTRAL LOCATION



BY HEARY BARNES IN COPENHAGEN

AN EVER OPTIMISTIC Prime Minister Poul Schlueter pre-stented his new four-party nonsocialist government to Queen Margrethe yesterday and said that desipte "extremely diffi-cult parliamentary circum-stances" he was aimin gto serve a full four-year term.

a thir tour-year term.

But the survival chances of his coalition, backed by only 70 of the 179 seats in the Folket-ing, of Parliament, appeared to shorten yesterday.

"This government won't last

"This government won't last many months," predicted Mr Svend Auken, who is expected to take over the leadership of the opposition Social Democratic Party from Mr Anker Joergensen, who amounced his resignation late yesterday.

Mr Joergensen, 65, a former trade union leader, has led the Social Democratic Party since 1972 and served as Prime Minister for nine of the 11 years between 1972 and 1982. The

between 1972 and 1982. The party lost two seats in Tuesday's election, which has triggered his decision to resign.

The new threat to the Government's life comes from the Radical Liberal Party, which

election.

The party said it is no longer parties a theoretical majority of two.

Government. "We shall consider each proposal from the not seem inclined to respond. sider each proposal from the Government as it is put forward," said Mr Niels Helweg Petersen, the party's leader.

Mr Petersen, whose role as king-maker makes him one of the most powerful men in Danish politics, comes from an old political family. His father was leader of the Radical Party before him and his wife was elected to the Folketing on Tuesday.

most seem inclined to respond.

"There is not much perspective in co-operating with this Government." said Mr Auken, who described the coalition as "the worst imaginable government."

Mr Schlueter has retained Mr Uffe Ellemann-Jensen, Liberal, as Foreign Minister for another term and his Conservative Party colleague Mr Palle Simonsen



Schlneter: aims for four-year

century, and although it rarely wins more than 5 or 6 per cent of the vote it has a quite disproportionate influence on the political process.

Mr Petersen said that his aim will be to bring the opposition Social Democratic Party into constructive negotiations on government proposals in order to mitigate the influence of the with 11 seats can make or break left and right extremist parties, the Government in the fragmented nine-party Folketing which resulted from Tuesday's Progress Party, whose nine seats give the non-solialist

Tuesday.

Tuesday.

The party has held the Finance. But he brought in six balance between left and right new faces and set up a new in the Folketing for most of this Ministry of Health.

ELECTION RESULTS

31.6 11.5

45.7

Italy seeks to delay **EC** steel decision

By John Wyles in Rome THE ITALIAN Government is seeking a postponement of the meeting of European Community industry minis-ters set for September 21 which is to discuss proposals
to reduce the EC's steel
capacity by 30m tonnes.
A spokesman for the
Ministry of State Participa-

ministry of State Participa-tion, which oversees the public steel sector, said yes-terday that member states were so divided over the European Commission's pro-posals that "it would be better to give officials more time to work on them."

However, the Italian initia-tive also has a strong domestite component and follows a pressure on the government from Mr Romano Prodi, the president of Irl. He is ultipresident of in. He is uni-mately responsible for the loss-making state steel com-pany, Finsider, and wants to buy time for the president and chief executive he installed in July to produce a revised corporate plan aimed at putting the group back in the black by 1989.

The plan should be ready by the end of the month when the Finsider manage-ment will begin discussions with ministers and trade unions. Before then, the Government will want to avoid entering into any com-mitments at a European level

(£455m) last year and is badly in need of recapitalisation and restructuring. The general expectation in Rome is that the Government would come under early pressure from Brussels to close the Neapolitan rolling mills at Bagnoli with the loss of 3,500 jobs.

Workers there are already organising regular protests against closure. Meanwhile, an agreement has just been signed between Fiat and the Ministry of State Participation to produce a develop-ment plan for the area

Opposition in Ankara angry at early election

By David Barchard in Ankara TURKEY'S THREE main opposition parties yesterday held long meetings to discuss a possible beycott of the country's general elections on

The opposition parties are objecting to a change in Turkish Parliament on Wednesday, that means parties will have to get more than 24 per cent of the vote **Partiament**

than 24 per cent of the vote in order to win places in parliament. They also claim that the campaign organising period, two months instead of the customary three, is too short, and that electoral registers are out of date.

A further objection to the proposed date is that it comes less than a week before a five-year military ban expires on voting by 2.4m Turks. The han was a punishment for not casting their votes in the 1982 referendum.

A spokesman for the centre-right True Path Party said yesterday that the party would go ahead with the boy-

would go ahead with the boycott if the other main opposition parties, both left of
entre, agreed.

But most observers here
feel that the opposition
parties will have difficulty in
agreeing a joint strategy. Mr.
Ozal's decision to hold a snap
election has clearly caught
the opposition off balance.

Swiss inflation rate edges up

By William Dullforce in Ger INFLATION in Switzerland, reputed in recent years for the stability of its consumer prices, has started to edge up faster. In August the consumer price index rose by 0.4 per cent, indicating an annual rate of 2 per cent compared with 1 2 cent compared with 1.8 per cent in July and 0.7 per cent a year

ago.
Last month for the first time since September, 1985, prices of imported goods rose slightly faster than those of domesti-cally produced goods, the Federal Bureau of Statistics reported. This change was marked by higher prices for imported oil products, fruit and vege-

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Kenneth Gooding on the FT World Motor conference in Frankfurt

Motor industry downturn forecast

THE WORLD motor industry is heading for a downturn which deep recession of 1980-81, warned Mr Roger Vincent, Bankers Trust managing direc-

tor, yesterday.

But the industry is in far better shape now "while the next downturn might be severe I do not expect that the number and names of vehicle manu-facturers will look much different from today. The coming recession could

take on very serious proportions because of a combination of worldwide over-capacity for car production, a US led recession, inflationary pressures and rising protectionism, he said. The big risk relating to over-

capacity, which could make the financial consequences of the next downturn worse than 1980. Stanley 1981, would be a massive battle for market share throughout the middle range of the US car market.

"Such a battle would inevitably pull down the pricing structure across the entire product range of automobiles sold in the US with a spillover impact on virtually every automobiles.

sold in the US with a spillover impact on virtually every automaker and component supplier.

Mr Vincent pointed out the global position of the industry was not well balanced but had become too dependent on one market—the US for its profits. An analysis of the industry's operating cash flow (net income plus depreciation and amortisation, less capital ex-penditure and dividends), which indicates a company's ability to pay for its forward needs on a current basis, showed the three major US groups already have dipped to negative operating cash flow; the Japanese have experienced a dramatic drop and only the European specialist car producers had been able to sustain a high level. The European volume car producers had shown enormous

improvement but their cash flow

had not become positive in the

peak of the cycle and they will

World Motor

CONFERENCE

Mr Scott Merlis, Morgan Stanley vice president, main-tained automotive company stocks were the cheapest in the world relative to their past earn- year.

ings collapses by mass producers in the 1970s, when some companies nearly went bankrupt. He believed this would not happen again in the 1980s.

He said that the harmonisation of the economic policies of the various EC countries as would not happen again in the legisted by the Commission, included accounts the district accounts of the commission.

accomplished only half its another. \$1,800 car cost reductions target The over the next five years it would might therefore see by 1992 mean a 60 per cent improve-ment in the company's average

Mr Merlis also recommended Prof Noritake Kobayashi of Honda, Jaguar and BMW as the Graduate School of shares to buy.

Business Administration, Kelo

managing director, said further the motor industry needs to restructuring of the European have some sort of global sur-truck industry must be expected veillance system which would because there were still too monitor the changing trends of many manufacturers with too supply and demand worldwide, much excess capacity. He provide a forum in which much excess capacity. He provide a forum in which pointed out that the ability of industry and Governments the European truck manufacture would be represented and hardware completely affordable. the motor industry.

peans themselves.

"To my mind, advanced specialisation of this kind has provided European industry in the automotive industry may general with a stimulus to

erning the weight and dimensions of the financial reserves built up by other groups.

Mr F. Perrin-Pelletier, councillor to the president of peugeot, warned that cars important factors of all in would continue to get more determining competitive vehicle contents. expensive and customers must expect price increases averaging 2 per cent to 3 per cent a facturers.

ings and cash flow.

The reason was that investors remembered cataclysmic earnmore powerful, better equipped

risked accentuating the signific-Volkswagen shares were the cant fluctuations in car demand cheapest in the industry sug-gested Mr Merlis with General Motors in second place.

and nuctionations in tear are which faced by manufacturers which at the moment could rely on falls in one market being comfalls in one market being He suggested that if GM pensated for by increases in

The European car industry swings of 30 per cent in demand from one year to earning power from \$3bn to another as has happened in North America.

shares to buy.

Business Administration, Kein

Mr Giorgio Garuzzo, Iveco University in Japan, suggested

turers to tailor vehicles to which would develop practical specific requirements created a and constructive solutions to barrier difficult for non-Euro- the problems to come.

pean producers to get over—if not helped to do so by Europeans themselves.

He and other speakers suggested that international alliances presented an effective

confront the formation of effecgeneral with a stimulus to innovate and to develop more and more sophisticated techniques giving it undisputed leadership over the rest of the world.

"For this reason I am not an advocate at all costs of unifying the regulations governing the weight and dimentions the formation of effective strategic alliances across at the continued orderly development of this very important industry which purports to serve the human need for free an advocate at all costs of and efficient mobility," he said.

Mr John Hardiman, Ford of the strategic alliances across at the continued orderly development of this very important industry which purports to serve the human need for free and efficient mobility," he said. uctermining competitive vehicle vehicles producers might be market shares and the overall success of individual manufacturers.

Vehicles could no longer be venicles could no longer be sold in isolation but were part of a total transportation package of "comfort. convenience, value and reliability throughout the ownership cycle."

Dr Hans Jorg Mauger, member of the Executive Board of Robert Bosch, suggested that for the supplier industry, the big growth potential lies in the delivery of new and sophisticated systems and com-ponents to the automotive companies. Such products have been made feasible by the recent rapid technological advance, particularly in electronics.

Mr Herman Franz. Siemens executive vice president, said the increasing use of electronic drivers being excluded more and more from the physical control of the vehicle. In future they would indicate their wishes and electronic systems would then take over to dright the car " Mr Franz Pro-"drive the car." Mr Franz pre-dicted cost reductions would

Mitsubishi truck link attacked

Mercedes'

By Kenneth Gooding, Motor

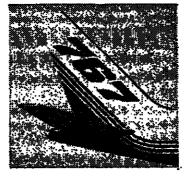
ustry Correspondent, AN OUTSPOKEN attack on the decision by Daimler Benz, West Germany's largest automotive group, to link with Mitsubishi of Japan in a joint van venture came yesterday from Mr Giorgio Garuzzo, managing director of Iveco, the Fiat-owned group which is Europe's second largest heavy truck producer. The venture would give Daimler the opportunity to import technology, components and possibly built-up vehicles to Europe from Japan, and other European commercial

There was already substantial; over-capacity in Europe, something Daimler had previously pointed out, on many occasions.
"Competition in Europe already
is very severe and there is no

need for added competition."

Mr Garuzzo suggested there were many potential West European partners which Daimler could have considered. "or if it had wanted to disinvest there would have been no shortage of European buyers." He pointed out that Iveco, which has plants in Italy, France, West Germany and the UK, had pulled itself out of severe financial difficulties caused by the deep recession in truck demand through painful re-structuring which been expensive and often attracted criticism. But the group had resisted the temptation to look outside Europe

for assistance.
There was a danger, Mr Garuzzo claimed, that the pro-posed Daimler-Mitsubishi deal would divert the European Commission's attention away from what he claimed were unfair competitive practices of Japan, not only those affecting



British Airways aim high with new Boeing 767s.

British Airways make no secret that its corporate goal is to be the best in the business...

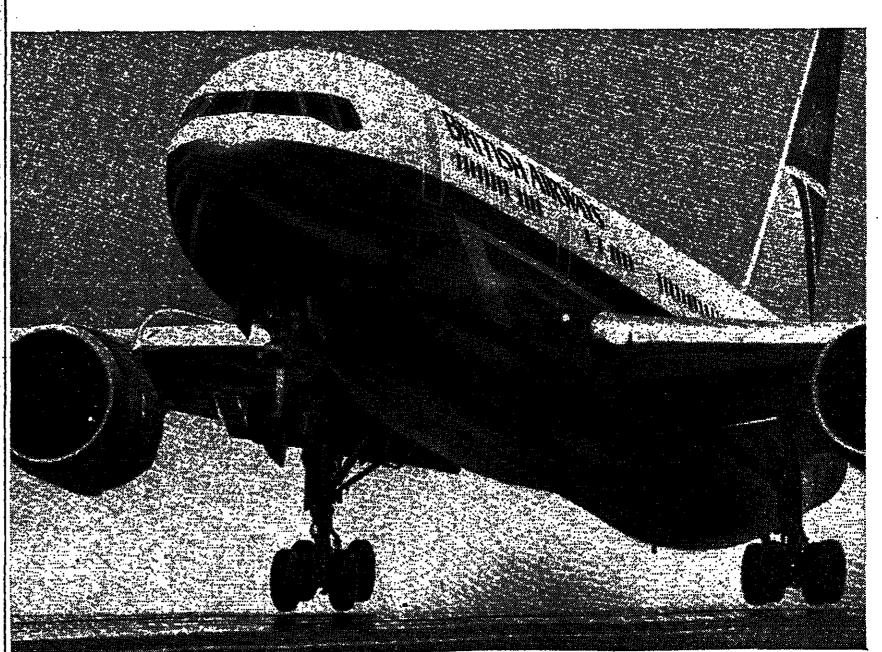
And the company's recent decision to order 11 new Boeing 767s clearly supports that high ambition.

The new jetliners, powered by Rolls-Royce engines, meet the airline's key requirements for top performance, economy, high reliability and superior passenger appeal. After a thorough review of all the possible choices, British Airways selected

Boeing congratulates British Airways on its search for excellence, on its

decision to grow with the 767, and on its continuing dedication to the best service for the travelling public.

BOEING



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Danish plan aims

to sharpen exports BY HILARY BARNES IN COPENHAGEN the competitiveness of the Danish export industry will be

Socialist People's Left Socialists

depreciation rules for research and development and a slightly milder tax regime for export

salesmen.

The proposals are welcome to tembattled export businesses, but they will make more than a small impact on the overriding problem of the Danish economy, its slow slide into the mire of international indebtedness through 25 consecutive years with current account deficits.

The net foreign debt will pass 40 per cent of the gross domestic product this year and approach 130 per cent of current account revenues. Interest on

account revenues. Interest on hours to 37 hours by 1990, with the foreign debt is now costing full wage compensation.

mentary instability is worrying compared with last year.
the business community. As mr Schlueter — with the social emphatic support of the Social economists, Professor Anders Democratic opposition party, Oelgaard, commented: "The has made an unchanged economic problems will be very seasonally adjusted rate of 8 difficult to solve if the unstable political situation lasts for very

Palle Simonsen, the Finance policy, and he received support for this approach from the fact that the current account deficit, which soared to account account the soared to account the same account the soared to account the same acc

A SET of measures to improve to the OECD's August survey the competitiveness of the of Denmark, it will not recover iz 1988.

47.5

85

Danish export industry will be among the first to be presented to Parliament by Prime Minister fiscal measures introduced last pour Schlueter's coalition year, which brought an abrupt halt to a three-year boom in private consumption and investing Tuesday's election.

The measures will include swifter reimbursement of VAT for export companies, better depreciation rules for research depreciation rules for research belance improved dramatically, bowswer from a deficit in the however, from a deficit in the same period last year of DKr 7.1bn to a surplus of DKr 990m.

Unemployment, running at a reasonally adjusted rate of 8 per cent, has not shown any signs of rising so far, but all forecasters expect that it will rise to around 10 per cent next

The rise in hourly wage costs this year is one of the most worrying current trends. The working week was cut by an hour at the end of last year and will be cut by a further two

almost 4 per cent of gross. Employer social security domestic product at around costs were put up by 1½ per costs were put up by 1½ per cent this year as well. Wage rates in the second quarter prospect of a period of parliamentary instability is worrying compared with last year

exchange rate against the Ecu (Denmark is a member of the But Mr Schlueter and Mr bulwark of his anti-inflation

5.2 per cent of the GDP, at OF exchange rate stability was DKr 34.5hn, last year, is essential.

Expected to fall by half this year, and there may be some thirder improvement in 1988. The foreign exchange markets seem to have taken this to heart. Although the krone happy aspect to it. A fall of about 1 per cent in the GDP is trouble in quiet trading yester-expected in 1987 and associated. expected in 1987, and according day.

OVERSEAS NEWS

Scheherazade Daneshkhu and Charles Miller describe Iran's factions

UN confronts a divided Tehran

THE VISIT to Tehran which Mr Javier Perez de Cuellar, the United Nations Secretary-General, begins today has brought into focus again the divisions within Iran's ruling

hierarchy. Iran's delay in responding to US Security Council resolution 598, which calls for an end to the Guf war, has been in part tactical, but it is also the mani-festation of an inconclusive bout of infighting between hard line and pragmatist factions on this most sensitive of issues. The UN Secretary-General is,

of course, going to Tehran and Baghdad with a specific aim: to secure full implementation of the ceasefire resolution, not to

renegotiate it. But the fact that he is going at all is an indication that the pragmatists are by no means a pragmatists are by no means a spent force. If they come out on top in the next few days, they are likely to try and keep a dialogue with the UN going, insisting that Iraq be named as the original aggressor in the war but perhaps back-pedalling on Iran's five-year-old demand for the removal of Iraqi President Saddam Hussein before agreeing to a ceasefire.

to a ceasefire.

The hard line faction, however, sharply disagrees and would like to see this resolution rejected out of hand, as all pre-vious Security Council moves have been.

Similar disputes revolve around the issue of a final settlement. Publicly, all Iranian leaders support the war effort and scoff at the idea of holding peace talks. Nobody can con-template negotiating with Saddam Hussein, but there is some

who tries to stay above factional disputes but has tended on foreign policy issues and on the war to side with hardliners.

Even if the pragmatists do succeed in keeping lines open to the UN, it would be difficult to consider a ceasefire.

Although the factions are not necessarily consistent on all issues (for example, the pragmatist best known to the West,



Ali Akbar Velayati

Hojatoleslam Hashemi Rafsan-jani, the influential speaker of parliament, is a quasi-radical on economic affairs), a discernable group has nevertheless emerged which is less hard line in the main policy areas. Iranians themselves pose the distinction in terms of radicals and if the other "Form 1995 and "the others." From 1985
unil recently, it was these
others that were gaining the
upper hand, though in recent
months they have suffered
serious set-backs.

Political differences often reflect contrasting backgrounds. dam Hussein, but there is some evidence to suggest that the reflect contrasting backgrounds, pragmatists may be prepared to talk to a Baathist party Government as long as Mr Hussein case of Mr Ali Akbar Velayati, and his closest associates are the Foreign Minister, while many of the secular hardiners are from the lower middle class tollah Ruhollah Khomeini, and some have been involved in

the West and to find a face-saving end to the war. Recent visits to European capitals by approach to foreign policy. high-ranking officials such as • The abolition earlier this Mr Velayati and his deputy, Mr year of the Islamic Republican Mohammad Jawad Larijani, Party, which had been a useful were an indication of the prag-vehicle for the expansion of matists' continuing efforts to pragmatist influence domestic improve relations with Europe. ally and the forced distanding

would be prepared to accommodate some of the wishes of the bazzaris" (merchants) and the middle class, by encouraging trade and relaxing state interference over matters such as dress and even drink and

By contrast, the hard-line factions, whose leading figures include the Prime Minister, Mr Mir Hussein Mousavi, and to some extent President Ali Khamenei, still adhere to the ideological principles on which the remarking tree formed. the republic was founded. These include the idea of maintaining permanent revolution, and exporting it.

They finance Islamic resistance and terrorist movements in Lebanon, Afginistan and Europe, through the World Organisation of Islamic Liberation Movements, formerly headed by the now-disgraced Mr. Mehdi Hashemi.

There is no doubt that the hardliners have recently been growing in influence. The evidence includes: The recent diplomatic crises

armed movements in such places as Lebanom. There are similar divisions within the clerical hierarchy.

The importance of the pragmatist faction lies in the links it has established with large sections of the population, including those who are not necessarily in full sympathy with the Islamic republic.

Should the pragmatists bold areas and beating-up of a senior British diplomat, Mr Endard Chaplin, in May was most probably undertaken without the knowledge of the Foreign Ministry. The same confrontation with France, including those who are not necessarily in full sympathy with the Islamic republic.

with the Islamic republic.

Should the pragmatists hold unchallenged power, they would seek to normalise relations with the West and to find a face-saving end to the war. Recent approach to foreign policy.

Domestically, the pragmatists of an independent organisation of moderate clerical leaders. A newspaper closely associated with the latter group, Resalat, was also shut down.

One of the many ironies of recent US policies towards Iran is that they have helped the hardliners to stage their comeback. In the first place, although President Ronald Reagan's original stated aim in selling arms to Iran was to strengthen the moderates within the Iranian Government, the policy probably had the opposite effect, since it is the hardliners that are most closely associated with Iran's arms pro-

curement activities.

In these circumstances, it is hard to see how Mr Perez de Cuellar's mission can succeed. If he emerges next week without Iranian agreement to a ceasefire, the stage will be set for further international moves against Tehran and a further hardening of the political line within the country.

The authors are researchers on free in the department of international relations at the London School of

Troops set to seize Sri Lankan rebel arms

By Mervyn de Silve in Colombo

THE INDIAN peace-keeping force is awaiting orders from Delhi to launch an operation in Sri Lanka's northern province to seize the arms which the separatist rebel groups failed to surrender after the cease

fire on August 1.

Lt Gen Cyril Ranatunge, head of the Joint Operations Command (JOC) and the senior Sri Lankan officer in charge of the north are now in Delhi to discuss the outbreak of violence in the predominantly Tamil areas and internecine fighting between rival Tamil groups.

The Liberation Tigers of Tamil Eelam (LTTE) has lost 16 men since the weekend an LITE spokesman said. He admitted that the "Tigers" had killed 11 members of the rival

Piote grouping.

The decision to flush out arms which the groups have failed to surrender voluntarily follows a mortar attack by the LTTE on a Plote

Estimates of the percentage of arms surrendered vary. The Sri Lankan authorities put the figure at less than 50 per cent while Indian officers say it is nearer 7 per cent,

including nearly all heavy weapons. The Tigers who have accused the Indian troops of "colluding" with ri-val groups (a charge denied by the Indian high commissioner, Mr Dixit) have begun an anti-Indian poster

The LTTE claims that "criminal" and anti-social elements have been released from detention in Madras, south India, and brought back to the island's northern province to "tame" the Tigers

Afghanistan and Pakistan fail to agree Soviet pull-out date

BY WILLIAM DULLFORCE IN GENEVA

AFGHANISTAN and Pakistan narrowed the gap between them, but March Kabul had proposed an 18-should come from within Afghanifailed in four days of talks here to agree on a timetable for the with-withdrawal while Pakistan was still Some mechanism needed to be

Foreign Minister, put the blame for months but only after the Afghans the setback squarely on the Afgh- had insisted on the Pakistanis makans. The latest round - the 11th ing the first move. since 1982 under UN auspices - had

Kabul's offer to resume talks had been accompanied by indications that something substantial would be proposed, the Pakistani minister Union from criticism. Pakistan be-

that specific dates for the Soviet Afghan peace settlement, he said. withdrawal would be set in Geneva and US officials indicated that der-secretary who acts as link be-Washington could be moving to-wards accepting a one-year time-not sit together because Pakistan frame for the pull-out.

drawal of some 115,000 troops from insisting on seven months. This week the Pakistanis moved to eight Mr Yagub Khan, the Pakistani months and the Afghans to 16

not produced the results Pakistan had the right to expect after the Kabul's call for new talks had been a propaganda ploy to disarm criticism that might be voiced at the session of the UN General Assembly which opens later this month. Mr Yaqub Khan implied.

lieved in the sincerity of Mr Mi-Soviet officials said last month khail Gorbachev in wanting an

Mr Diego Cordovez, the UN undoes not recognise the Kabul re-

South Korean opposition rivals

fail to heal rift on constitution

The main opposition party says

blocking the adoption of a new constitution designed to bring greater democracy to South Korea, AP research from Seoul.

The main opposition party party and the new constitution should take effect before the presidential electrons, scheduled for sometime because of power.

effect on February 25, the day after

The constitutional talks are due to resume today. The remaining disagreements concern when the new constitution should take effect to resume today. The remaining disagreements concern when the new constitution should take effect to restrict our restriction of a new governtry's head, has been designated its ment. Otherwise, it says, the current government would lose its constitution should take effect.

RIVAL POLITICAL leaders yester- and when to hold parliamentary

parts from Seoul.

Meanwhile, Mr Kim Dae-Jung, fore December 20. Otherwise, it the opposition leader, said he had not decided whether to run for president despite being cheered by hundred the second transfer of the constitution in take.

ident despite being cheered by hundreds of thousands of people on a Party wants the constitution to take dential elections.

When previous talks stopped in gime) suggested that the next step

Some mechanism needed to be put in place for the Soviet-backed government in Kabul and the Afghan muhajeddin leaders fighting the Soviet Army to negotiate the re-unification of their country before a peace settlement could be reached,

A timeirame for the Soviet pullout could not be settled without a beginning to the process of re-unifi-cation, Mr Cordovez said after expressing his disappointment.

Afghanistan is one of the item on the agenda for Mr George Shultz, the US secretary of state, and Mr Eduard Shevardnadze, the Soviet foreign minister, when they meet in Washington next week.

US and Soviet officials started two days of talks on Afghanistan and the situation in the Gulf in Geneva yesterday.

The ruling party insists that the

parliamentary elections be held be-

fore the inauguration of a new gov-

A key feature of the new constitu

tion, which still needs approval by the National Assembly and a na-

tional referendum, is direct presi-

Mr Roh Tae-Woo, the ruling par

Australian coal miners begin week-long strike

BY CHRIS SHERWELL IN SYDNEY

MORE THAN 28,000 Australian for the proposal. They said the

tices and government charges coal. On Wednesday, the Miners' Federation won the Australian

port for its idea of a national coal marketing authority. Yesterday, miners leaders explain their lack of support

coal workers yesterday began government had previously a week-long strike at scores of agreed to consider the plan mines in Queensland, New Coal employers have mean-South Wales and Tasmania, in a while repeated warnings that desperate last bid to limit mine the stoppage threatens the closures and job losses.

Falling world coal prices and tight markets have exposed the costs of inefficient work practices.

The stoppage threatens the export trade. There have been reports that at least two tight markets have exposed the Japanese ships have decided costs of inefficient work practices.

at Australian mines, forcing a The miners are not due to restructuring of the country's meet again until next Thursday, biggest export-earning industry. to decide their next move. The strike is expected to cost the industry around A\$140m, but is thought unlikely to halt the

restructuring proces Several thousand jobs are epected to vanish. Closures are demanded a meeting with expected at less efficient under-federal government ministers to ground mines in New South

SA police arrest : 173 in Natal riots

SOUTH AFRICAN police, using sweeping anti-riot emergency powers, have arrested 173 blacks during incidents in Natal pro-vince, police said yesterday, Reuter reports from Johannes-

Areport on black township violence said 129 men and 42 women were detained on Wednesday while attending an illegal gathering at KwaMashu township near Durban on the Indian Ocean coast. No further details were given, on the second night of increased town-ship agitation in Natal.

At nearby KwaNdengezi township, two youths were arrested after a group of blacks stoned a security force patrol, the statement added.

Two women were slightly injured when bus windows were shattered by stone-throwers in separate incidents at Clermont outside Durban.

UK 'involved in US Gulf force'

BRITAIN'S military involvement with the large US naval task force in the Gulf appears to be much closer than the Government has officially acknowledged, a study by Bradford University's School of Peace Studies claimed yester-day, Andrew Gowers reports.

It cited reports from Washington suggesting that the two Nimrod reconaissance aircraft which Britain dispatched to Oman last month—ostensibly on a training mission—were in fact part of a joint US/UK military operation aimed at identifying and sinking small Iranian boats involved in planting mines. Nimrod reconaissance aircraft ing mines.

The report also quoted plans said to date back to 1984, whereby Britain would help the US to keep open the Strait of Hormuz in the event of an Iranian naval blockade.

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FINANCIAL TIMES

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The Car of the Year 1987 awaits your test drive.



MR GEORGE SHULTZ, the US MR GEORGE SHULIZ, the US Secretary of State, yesterday pledged intensive diplomatic support for the Central American peace agreement but told Congress the administration would, in any case, seek an additional \$270m over 18 months in aid for the Nica-raguan Contra rebels.

In a wide-rapping of Costa Plane Hinton, former ambassador to El Salvador and Pakistan, to be ambassador of Costa Plane

In a wide-ranging review of In a wide-ranging review of the administration's position on Nicaraguan peace efforts before the Senate foreign relations committee. Mr Shultz praised the substance of the Central American peace plan, calling it a good framework, which, however, left "some vital things" vague and failed to deal with some of the US's security concerns.

Mr Shultz said the President viewed the new aid request "as a constructive force for peace" because it would continue to put pressure on the Nicaraguan Government to abide by its commitments under the peace plan.

Speaking to a Congress already cynical about Nicaraguan aid in the wake of the

Representatives Speaker.

On the diplomatic front, Mr
Shultz promised the US would
work to strengthen the plan,
and he announced that the
President would appoint Mr
Morris Busby, the Deputy
Assistant Secretary of State, to
be roving ambassador to Central
America to co-ordinate the
efforts of chiefs-of-mission in
each country.

The new aid, he said, "is what
the resistance needs—for training, equipment and other support." However, he seemed to
imply, during the senators'
questioning, that the administration would be willing to use
the funds for economic and
development assistance to Nicaragua if promises by Mr Ortega
to "democratise" were fulfilled.

BY ALEXANDER NICOLL

American loans to charities

payments to work in debtor countries was unveiled yester day by the UN Children's Fund (Unicef).

to transfer African and Latin tible.

Tax-break plan for debt

AN innovative plan for banks making donations tax deduc-

which would put debt service claim on the developing country payments to work in debtor and would seek interest and

President Reagan has also selected a nominee as ambassador to Nicaragua, a career sagor to recaragua, a career foreign service officer, whose name has not yet been made public, he said. In addition, he is nominating Mr Deane Hinton,

Mr Shultz said the President

ever. left "some vital things" vague and failed to deal with some of the US's security concerns.

By implication he gave US policies much of the credit for the plan, saying Mr Daniel cortega, the Nicaraguan President, had been pressured to sign by the "increasing success" and commitment of the US that of the Contras and the bipartisan peace plan offered by President Ronald Reagan and Mr Jim Wright, the House of Representatives Speaker.

Speaking to a Congress already cynical about Nicaraguan aid in the wake of the Iran/Contra affair, the secretary stressed the bi-partisan efforts of the past. He urged Congress "to end the doubt and uncertainty about the capacity and commitment of the US that is created by the recurring cycle of off-again, on-again aid decisions punctuated by protracted and divisive debate."

The new aid, he said, "is what"

Unicef would assume the

The new aid, he said, "is what

The motor industry, which had a slow month in August in domestic sales, predicted a slight upturn in demand now

Vehicle exports to August reached \$1.7bn, up 54.7 per cent compared with the same eight months a year ago in value terms, and up 87.7 per cent in volume at 237,900.

countries was unveiled yester day by the UN Children's Fund (Unicef).

Mr Richard Jolly, Unicef deputy executive director, said in London that the fund was negotiating with several US banks and that one was considering the scheme, Debt Relief for Child Survival.

Banks would make over a world seek interest and principal repayments in local currency. This would reduce the debtor country's foreign exchange burden as well as enable Unicef to spend the money on alleviating poverty in that country.

The amounts of money concerned would be quite small in relation to the overall in relation to the overall in the country. Banks would make over a World debt burden, but would portion of their soans to Unicef, still be significant: one bank which is registered as a charity was said to be discussing a in the US and other countries, \$5m conversion. in the first half of 1986.

Brazilian industrial output down for July

By Ann Charters in Sao Paulo

THE BRAZILIAN economy is officially two weeks into its flexible pricing phase fellowprice freeze put in place in mid-June under the plan of Mr Luiz Carlos Bresser Pereira, the Finance Minister.

Prices on goods such as clothes, shoes, furniture and services, may be adjusted freely. This has been the case in practice, since the government has no effective means of controlling prices on small of controlling prices on small and medium-sized companies.

The prices of gasoline and alcohol, used as a fuel, rose 8 per cent last week for the sixth time this year.

However, there are now more industries subject to government-approved price increases as the government attempts to keep some prices and salaries rising at roughly the same rate. the same rate.

Industrial production for July declined 5.9 per cent compared with the same month in 1986, according to the government institute responsible for economic data, the IBGE.

This is the first negative result since March 1984 when the country was emerging from a two-year recession. BGE analysis predicted that production would decline through the third quarter of the year, with the most growth potential showed in industries that produce chiefly for experts.

that government taxes and surcharges on the retail price of cars have been reduced and new models are starting to roll off assembly line.

The government's foreign trade agency CACEX reported that for the first six months of the year 250 companies were responsible for 68.4 per cent of the country's exports of \$10.6bm, up from their contribution of 66.5 per cent Mary Helen Spooner looks at the mood of Chile after 14 years of military rule

Pinochet shows no sign of loosening grip

AT THE SIDE of a mountain road linking Santiago with the country town of San Jose de Maipo, Chilean officials this week held a memorial service for the five presidential bodyguards who died one year ago when leftist guerrillas opened fire on General Augusto Pinochet's motorcade.

Santiago, "the only system in the world where the winners go home and the loser stays."

Speaking at the site of the attack, the Chilean military strongman, who today cele-brates his regime's 14th anni-versary, called on his countrymen to choose between "order and chaos, democracy or

Even as the end of his cur-rent term in office looms just 18 months away, Gen Pinochet shows little inclination to loosen his grip on the country. In a recent interview with Chile's pro-government newspaper El Mercurio, the 71-year-old head of state cagily declined to say whether he would seek the junta's nomination for the one - candidate presidential plebiscite to be held late next year, but said he felt more energetic now than he did in 1973, the year his regime came

single candidate chosen by the indicated they wer military junta. If this candi-spend time in jail.

A recent opinion survey by the Latin American Social Sciences Faculty (FLACSO) indicates that from 12.5 to 17 per cent of those polled would vote "yes" in the presidential plebiscite if Gen Pinochet were the candidate, with more than 40 per cent voting "no" and the remainder either abstaining or failing to respond.

When asked how they might vote if a pro-Government civilian were the candidate, the response were similar and if another military officer were one's political opinions freely, the candidate, an even smaller group would vote "yes." In recent years opinion polls have it was "better to be cautious." been the only way of scientific-ally measuring the political climate in Chile.

Chileans what actions they would be willing to take in The regime's constitution order for "the country to be provides for a presidential as you want it." Among plebiscite to be held a few Santiago respondents, more months before Gen Pinochet's then a fifth were willing to presidential term ends, with a risk their jobs and 14 per cent

The survey also asked

Gen Pinochet: feeling more energetic than when he took

The Pinochet regime does not

appear to be discouraged by such polls. The Government's own occasional opinion surveys do not suggest any significantly greater support. The Government seems to be relying on the general sense of apathy concern with pocket book issues. With the economy growing at more than 55 per cent risk their jobs and 14 per cent ing at more than 5.5 per cent indicated they were willing to and unemployment falling, the Government has an important

The document also said Chilean opposition groups were undertaking a "massive propaganda campaign " aimed at damaging the Government and that the officers of such groups should be "located, placed under permanent surveillance, analyzed and neutralized in an analysed and neutralised in an adequate manner."

The "massive propaganda campaign "by opposition groups which the Chilean Interior Ministry described is a buding movement for free elections, backed by most of the country's political parties expect for the extreme left and right. Last week opposition groups held mock balloting exercises in three southern cities and received authorisation to do so the local military

governor.
Opposition groups are also urging the public to register to vote, as a probable prelude to a "no" campaign

national statistical institute, country's latent anti-commetonly 20 per cent of Chileans ism."

A directive from Chile's Interior Ministry, recently leaked to the press, urged the country's mayors to undertake a poitical campaign in favour of the Government and said that municipal government funds shoult not be expended "in a merely administrative fashion." over 18 had signed up as August 31 and if the curreregistration rate continue registration only 35m of the nearly 8 eligible voters will be inscribed one year from now when the plebiscite is likely to be held given the higher degree of registration among government surporters, the regime is constituted. porters, the regime is counting on some numerical advantage. Ironically, an unexpects source of support for the régime's hard-line polici

might be generaed by a rece upsige in terrorist activity. To Manuel Rodrigues Patriot
Front, the guerrilla growhich claimed responsibili
for last year's presidenti
assassination attempt, remerged after months of retive inactivity. On September 1, the Fro kidnapped a senior Chile army officer outside his hou. The guerrillas managed elude a cambined army at police dragnet in Santiagiesting. issuing two communique accompanied by colour photon

graphs of the army color. A leader of the Christi-Democrats, Chile's largest op-sition political party, describ the kidnapping as a crimir act and warned that its politic consequences would be "a ch According to calculations forces, a confirmation of to drawn from the electoral registry and the government and a strengthening of the national statistical institute, country's latent and a strengthening of the country and the country and

Mexico ruling party rebels launch platform

BY OUR FOREIGN STAFF

THE DEMOCRATIC CURRENT. a dissident faction of the ruling Institutional Revokutionary Party (PRI), this week launched a "democratic proposal" criti-cising government policies and calling for reformist party members and progressive groups to forge democracy in

The proposal, which amounts to an electoral platform for the to an electoral planorm for the 1988 presidential race, offers a sweeping appeal to the PKI's comporatist sectors — peasants, workers and "popular" urban classes. It calls for reinstatement of traditional populist programmes including subsidies on basic foodstuffs and expanding actist accounts covering ing social security coverage, and reiterates the Democratic Current's proposals to suspend or limit service payments on Mexico's \$100bn foreign debt. Just a week before the PRI

INFLATION FOR the month of August was 8.2 per cent, bringing Mexico's annualised inflation rate to a record high of 133.9 per cent, the Banco de Mexico, the central bank, reported on Wednesday.

Price increases for petrol, urban transport, clothing and housing fuelled the jump in the consumer price index, the second-highest increase for the processor of the processor o the year after April's 8.7 per

Accumulated inflation for the first eight months of the

convenes to debate its electoral platform for next year's presi-dential race, the DC denounced the government's economic policies as a "neo-colorial project" and said political practices were

despotic.

Flausting a Mexican tradi-tion that prohibits directly

year reached \$1 per cent, according to the figures. The rate for August 1986 to August 1987 contrasts with last year's annual inflation rate of 92 per cent.

Analysts say that persistent and climbing inflation remains the main worry for Mexico's economy which is experiencing a mild recovery in an environment of high liquidity owing to expansion of exports, capital repatri-ation and an influx of fresh

criticising a sitting president, the DC proposal calls for the building of a "national move-ment" against the "imposition of continuity," a reference to President Miguel de la Madrid's

per cent in nine years while hiberalising trade.

Analysis believe the presi-dent will choose his successor

from those who assure con-tinuity of his economic policies. The DC challenges Mr de la Madrid's right to choose his successor and demands that elected PRI delegates select the party's presidential contender. The DC is credited by many

analysts with having precipi-tated the decision last month by Mr de la Madrid to announce the six finalsists for the party candidacy and have each of them present his platform in a speech televised nationwide. Behind the scenes politicking

among "pre-candidates" and consultations with Mexican and PRI party support bases continue as the president prepares to announce his successor in goes towards financing heat pledge to continue his eco-tinue as the president nomic programme that has to announce his suc-eroded purchasing power by 50 the next four weeks.

Argentine pook prize a record

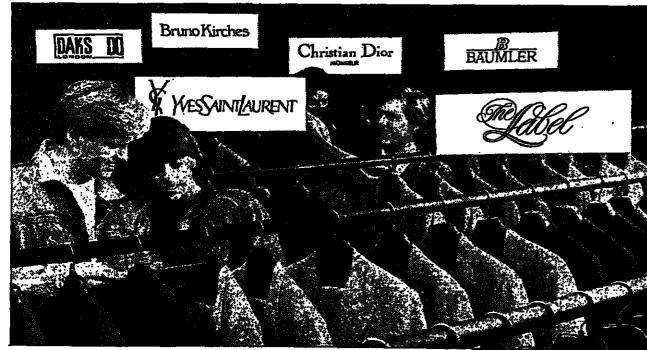
A RECORD first prize of 21.5 australs (\$9m) was paid c yesterday on Argentin. weekly football pools compe tion, known as the "prode". The prize money is shared ! tween 17 winners who correc forecast the results of 13 fo ball matches played betwe last Saturday and Wednesd

preceding competitions, allc ing the prize money to be r led over. More than 6m tick-were sold some to punters fr neighbouring countries.

night.

The pools in Argentina torganised by the Ministry

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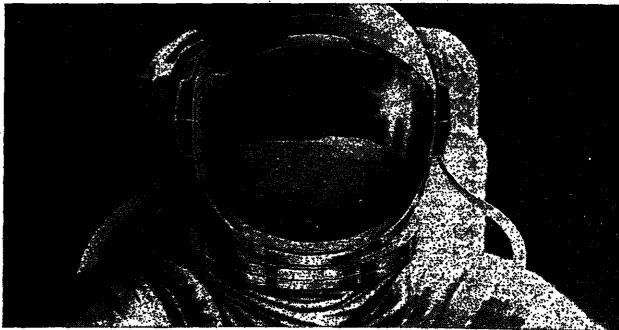
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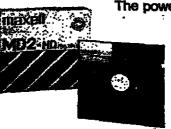
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WORLD TRADE NEWS

over S. Korean patent laws

France and Britain are to ask the European Commission to take a tough line in talks early next month with the Seoul Government, which they accuse of dragging its feet on EC demands for adequate patent protection for its exports. They want to persuade their EC partners at a meeting of Foreign

South Korea plans to send a team to the US to boost purchases of US machinery and reduce its dependence on Japanese goods and the trade imbalance with the US, AP-DJ reports from Seoul.

The Trade and Industry Ministry said the mission would visit the US next week and was expected to buy some \$400m worth of vehicle parts,

The 20-member delegation will visit Pennsylvania, Washington, Texas and other

Ministers in Denmark next Mon-day to send a stiff warning to allow US exporters to convert South Korea.
The Commission has already

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hinted to Korea and to member states' officials that it might be prepared to withdraw the import duty concessions the Community offers Seoul under the Generalised System of Preferences (GSP), although EC Governments are a long way from agreeing to such a move. It would be the first time that the EC has used the GSP as a trade weapon; several member

THE EUROPEAN Community is states oppose the idea of issuing preparing for a serious trade such threats over a system row with South Korea over claims that the country's anticounterfeiting laws discriminate unfairly in favour of US exporters.

France and Britain are to ask which is still bristling with trade barriers.

trade barriers. While the heart of the dispute with South Korea is technical, it has resulted in serious practical disadvantages for EC companies selling chemicals, pharmaceutical and computer affixare in South Korea — the

pharmaceutical and computer software in South Korea — the Community exports most sensitive to counterfeiting.

Fears were aroused when Seoul struck a bilateral accord on patent infringements with Washington last year, under pressure from US businesses increasingly frustrated with the way that that Korean businesses were copying their imports.
The deal gave the US two

key advantages, which the Community now wants to share. It allowed US products to have retroactive patent protection going back seven years (or five in the case of software), That meant that any Korean product launched in the past seven years and copied from a US patent had to be patents relating to manufactur-ing process into straightforward product patents. This is designed to protect products in

Korea, at a meeting with the Commission last Spring, indicated that it would in principle give EC exporters equal treatment with the US. Korean copyright legislation passed in July came as a welcome move against the general problem of counterfeiting for the Community.

Worldwide **EDS-Spanish** loans for venture

By David White In Madrid

EDS of the US yesterday signed a co-operation agree-ment with Spain's semi-state telecommunications group Telefonica, which includes a joint renture to export Spenish Bechnology data transmission systems.

Mr Enrique Maso, president of the new Los Augeleshased Joint venture, said he expected it to take as much as 40 per cent of the world

The aim of the joint ven-ture is essentially to market. Telefenica's Tesys system, which has been sold to Canada and Argentins. But Mr Gary Fernandes, president of EDS International, expressed hopes for "extend-ing well havened that he than

EDS will hold 51 per cent of the venture, provisionally named Telecommunications named Telecommunications, Data Services which will design and distribute trans-misson networks. Mr Fernandes said it would be active in the European, Asian and North American markets.

The world market for packet-switching networks is estimated at \$480m a year and is expected to rise to \$1.9bn a year in five years time. The joint venture's initial sales are put at \$150m

Taiwan US imports

TAIWAN, eager to head off TAIWAN, eager to near un protectionist pressure from Washington, is for the first time offering loans to US banks finance imports of US products, Reuter reperts from Taipei.

The loans will be provided by the state ran Export Import Bank of the Republic of China to about 40 US banks, including Bankamerica. Citicorp. The nk of California and Chemica Bank, according to Mr Kung Kuang-wei, vice president of the Export-Import Bank. "We hope ports of American goods and re-duce Taiwan's trade surplus with Washington," he said.

Mr Kung said the loans to each US bank would be from \$1m-\$5m with maturities ranging from two to five years at interest rates from 5.5 per cent to 6.25 per cent.

He said American banks could use the re-lending facilities to help US exporters promote sales of machiners, precision instruments and industrial raw materials to Taiwan.

They could add a spread of about 1.5 per cent interest when they re-lend to Taiwanese importers, he added.

Taiwan's trade surplus with the US rose to a record \$10.93bn in the first eight months of 1987 The surplus is expected to hit an all-time high of \$16bn by the end of 1987, compared with \$13.6bn last year, trade officials

Skoda to market new hatchback next year

BY JOHN GRIFFITHS

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CZECHOSLOVAKIA'S long-delayed first contender in the mainstream market for front-wheel-drive hatchback cars was unveiled at Brno's Engineering Trade Fair yesterday.

The so-tar unnamed 1.3 lifte car, styled by Bertone of Italy and part-engineered by Porsche, is scheduled to go into production next year... CZECHOSLOVAKIA'S

The first year's intended output of 70,000 units is earmarked for the Czech domestic market. Exports to left-handdrive markets are planned to begin in 1989, and to right-hand-drive markets like the UK in

the first half of 1990.

By the early 1990s, Skoda hopes to be producing a range of cars at the rate of 400,000 units a year, including saloon,

The affected the new car mean that Skoda's existing rear-engine Estelle models will continue to be produced alongside the hatchback next year. The car shown at Brno is only a prototype, with no final decision yet made on whether an Isuzu or Nissan-based engine will power it. Both Japanese producers are seeking licences to produce power units for it.

So far, Skoda has spent over \$100m on importing production equipment from the West for the new model Among UK companies involved in the pro-ject are John Brown Automa-tion and Cross Knowsley, who between them have awarded contracts worth £8.3m estate, van and compe variants for assembly line and machining of the new hatchback.

Embraer's largest sale

controlled aircraft manufac and 10 per cent as the down turer, has sold 50 Brasilias payment, with Embraer borrow-commuter aircraft to Texas Air ing abroad for its portion.

tured as a 15 per cent supplier commuter aircraft

Brazil's state- credit, 75 per cent buyer credit, Texas Air will take delivery f the 30-seater aircraft up

contract, Embraer's largest at far in value terms, has been until 1990. arranged through a pool of Embraer is currently nego-international banks, co-orditating with West Air, another us airline, for the sale of 20 more Brasilias. The airline arranged by Manufacturers Han-

EC set for row | HK plans new container terminal

called terminal seven, will cover about 32 hectares of reclaimed land in Victoria harbour and will have three berths. It is likely to cost more than HK\$2bn to complete. Tender documents will be available from Septem-

HONG KONG will this month taken New York to become the its forecasts for port expansion complete before the middle of territory's Kwai Chung containers, compared tainer terminal as it tries to with 2.34m containers in New last year, and more than 30 per cope with hectic growth in York, and 2.91m in Rotterdam.

The new development, to be a last year, and more than 30 per container traffic.

In the first half of 1987, container traffic the existing five terminals at the state of the second traffic throughout amounted to the second traffic traffic grew by 21 per cent and more than 30 per cent so far this year, putting the second traffic.

1.61m 20 foot equivalent units, strain, a 32 per cent increase from The

invite bids to develop a new world's second busiest container on an assumption of 9 per cent 1989 storage and berthing area at the terminal. In 1988 it handled traffic growth per year. How-

The first berth of terminal 1.22m units in the first half of six, the HK\$2bn three-berth 1986. This reflects the meteoric facility being built by Hong growth in direct and entrepot Kong International Terminals

Prospective bidders that have already shown interest include Sir Yue Kong Pao's Wharf Holdings (which controls another of the existing facilities, Modern

Terminals Ltd), and two mainland Chinese corporations—the China International Trust and

China Resources, which operates in Hong Kong primarily as a o complete. Tender documents trade recorded in Hong Kong owned by Li Kashing's Hutchi- trading company. Tende son Whampoa, will not be ready likely to close at the exercise 25.

Hong Kong's container port until the middle of next year, January, with the successful trading company. Tenders are likely to close at the end of January, with the successful

Conflict 'may hit shipping recovery'

the world shipping market could be short-lived, with buoyancy still vulnerable to Much of the current buoyant demand for vessels was due to a "surge in demand for demand for 'anxiety' crude " as oil majors, demolition, according to Mr William Purves, chairman of Wildle East, sought to build up the Hongkong and Shanghai Banking Corporation, one of the world's leading shipping industry's financiers.

"The economic fundamentals of masked by political middle of August.

Container operations had been buoyed by global growth in containerisation, and the collapse almost a year ago of US Lines, but demand for dry bulk cargoes was sluggish, he said, with demand falling about 25 per cent short of supply. He complained that shipbuilders were still subsidising shipping industry's financiers.

"The economic fundamentals of an imbalance between demand and supply remain,"

He said demand had fallen activity since 1977.

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The yards involved must true cost of a new Panamax.

Container operations had been buoyed by global growth in containerisation, and the collapse almost a year ago of US Lines, but demand for dry bulk cargoes was sluggish, he said, with demand falling about 25 per cent short of supply.

He complained that shipbuilding, referring to a Japanese yard earlier this year completing a "first class" activity since 1977.

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He complained that shipbuilding, referring to a Japanese yard earlier this year completing a "first class" averaging 13m tonnes a month.

"The yards involved must "These rates are not achieve oble in to

RECENT SIGNS of recovery in fundamental oversupply was per cent from peak levels in the by at least \$12,000 to cover the the world shipping market being masked by political middle of August.

"The economic fundamentals of activity since 1977.

The economic fundamentals of an imbalance between demand and supply remain," sharply in recent weeks as "The yards involved must the fundamentals of fundamentals of fundamentals of fundamentals of fundamentals of fundamentals activity since 1977.

The economic fundamentals of the said demand had fallen Panamax for \$16.5m, ances soon from a joint meeting of fundamentals activity since 1977.

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The economic fundamentals of fundamentals activity since 1977.

The plant wants fund which will be ances soon from a joint meeting of fundamentals activity since 1977.

The plant wants fundamentals ances soon from a joint meeting of fundamentals ances soon from a plant clear 12.15 per cent by Goenka ances soon from a joint meeting of fundamentals ances soon from a joint meeting of fu

Big petrochemical complex in Bengal

BY JOHN ELLIOTT IN NEW DELHI

(\$1.14bn) project.

Other companies, including Technimont of Italy, Phillips Petroleum and Lummus of the US, will be involved in equipping the naphtha-based plant. It is being promoted by Mr R. P. Goenka, a leading member of one of India's five largest industrial familites, in partnership with the Communist-run West Bengal State government.

State capital of Calcutta, which have only recently started to revive after years of decline. The main cracker will have a production target of 125,000 tonnes a year using Linde naphtha technology. Technimont of Italy is co-ordinating technology from Himont of the US and Mitsui of Japan for 63,000 tonnes a year of polypropelene. Phillips Petroleum is providing technology for 80,000 tonnes of dustrial familities, in partners and Mitsui of Japan for 63,000 tonnes a year of polypropelene. West Bengal State government. Phillips Petroleum is providing After long delays, the project technology for 80,000 tonnes of is soon expected to be given final clearance by the Indian Government. On Wednesday cluding Kleinwort Benson and Mitsui of Japan for 63,000 tonnes a year of polypropelene.

the financing arrangements Lazards, have been offering were approved in Bombay by financial packages for the the board of the Industrial De- \$227m of foreign exchange, velopment Bank of India, the which will include export main government-owned finan-cial institution involved.

PEROCHEMICAL engineers large-scale petrochemical com-and contractors from the US, plex to be developed in India Europe and Asia are to share outside conventional public secorders worth about \$30m over tor corporations — it is an exthe next four years for construction of India's second 11rgest petrochemical complex at used by state governments to
Haldia in the north eastern encourage industrial develop-

state of West Bengal.

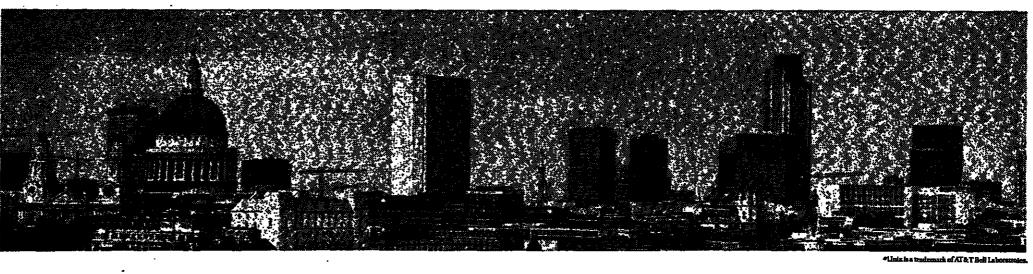
Linde of West Germany and
Chemiex of the US will together be taking a 12-5 per cent equity stake in the Rs 14.7bn (\$1.14bn) project.

Other companies including

credits and other forms of funding.

This indicates that the Equity will total Rs 3.27bu, government wants final clear- 12.5 per cent of which will be

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Voluntary housing bodies to be given central role

BY PETER RIDDELL AND ANTHONY MORETON

VOLUNTARY HOUSING associations will be given a central role in the provision of subsidised homes and flats for rent under plans to be outlined in a government white pa-per (policy document) later this

This will involve sweeping changes in government support for the associations to produce a more flexible system of grants so as to allow larger-scale raising of finance from the private sector.

Mr William Waldegrave, the

Housing Minister, yesterday confirmed that a housing white paper would appear shortly. This will be the prelude to a bill due at the beginning of December.

Aleady approved in principle by ministers, the white paper will cover the relaxation of present rent controls on new lettings, provision for local authority tenants to transfer to different landlords and the formation of government-backed Housing Action Trusts to take over

There is, however, a continuing argument between the Treasury and the Department of the Environment about the level of subsidy, in taking over from local authorities. particular the fixing of housing ben-



sweeping changes

efit to take account of the higher level of private rents on new lettings after deregulation. There is likely to be a maximum

cut-off point and the Treasury is tunity to go higher than the present seeking to minimise the extent of

reached, though, on expanding the role of housing associations which financial arrangements for housing ministers hope will become large-associations will be published next scale providers of rented housing,

owed yesterday by Mr Ian Grist, parliamentary under-secretary at the Welsh Office.

In a speech to the Welsh Housing Associations in Llandudno, north Wales, he said the present 30 per cent ceiling on government grants (as a percentage of the capital cost of new schemes) would be abolished because it was too low to allow building at affordable rents. Mr Grist said that instead the

Housing Corporation, which finances housing associations, would operate with an average grant of no more than 50 per cent.

This flexibility is meant to encourage the associations to raise pri-

vate-sector finance with official grant backing, given that they will also have scope to charge some-what higher rents than now. Ministers believe that the oppor

30 per cent ceiling will remove the present barrier to private sector A detailed consultative paper on

Legislative programme, Page 9 Editorial comment, Page 20

Government split over future of fourth national TV channel

THE GOVERNMENT is divided casting nearly five years ago, is at £139.9m paid in subscription to fund over the future of Channel 4 and whether Britain's fourth national television channel should be turned into a non-profitable trust, be freed to sell its own advertising time or of their net advertising in the form be fully privatised.

A proposal from Mr Douglas Hurd, the Home Secretary, that the channel be set up as a separate authority and become a non-profitmaking trust has been rejected by Mrs Margaret Thatcher, the Prime Minister, as not radical enough.

The Prime Minister, who is chairing a cabinet sub-committee on the future of British broadcasting preparing for a comprehensive broadcasting bill to be introduced in the than they pay out in subscription. TV-am, the breakfast television

Channel 4, which began broad- the channel compared with the advertising revenue a year.

the moment a wholly owned subsidiary of the Independent Broadcasting Authority. It is funded by the 15 ITV companies who pay 17 per cent of an annual subscription to pay for Channel 4 and the Welsh Fourth

nies sell the channel's airtime. Mrs Thatcher, it is believed, has noticed that the channel is now producing a surplus for the ITV companies. Mr Jeremy Isaacs, the outgoing chief executive, said recently in public that the ITV companies were now taking £20m a year more in Channel 4 advertising time

Channel. In return the ITV compa-

There are growing signs that a compromise solution will be found under which Channel 4 will remain a subsidiary of the IBA, that there will be complementary scheduling with ITV to protect Channel 4's programming remit but that it will be financed by selling its own advertis-

The future of Channel 4 is one of a package of issues being considered by the Government designed to increase the competitive pres-Britain. The ITV companies and next session of parliament, has asked the Home Office to think again.

In the year to March 1987, Mr Isacompany, have at the moment a acs said, the ITV companies had television advertising monopoly sold advertising worth £1522m for which brings in more than £12hn in

Britain and France aim to co-operate on arms purchasing

BY LYNTON McLAIN

tempt to extend co-operation on the Navy with the French company, So-procurement of defence equipment ciété ECA in partnership with Honor their armed forces.

A two-day conference on the pos-sibilities of increased co-operation is to be held at Lancaster House, London, next week. It will be attended by French and British defence equipment companies and service and procurement personnel from each country. Lord Trefgarne, procurement, will open the conference on Thursday, September 17. There will be a dinner at Hampton Court in the evening, hosted by Mr George Younger, the Defence Sec-

The aim is for Britain and France to set out the defence equipment each country wants over the next three to five years. These requirements will be in terms of broad specifications, setting out what the armed forces want equipment to do, rather than specifying individual products by name.

The delegates at the conference are to explore the scope for "recip-rocal purchases of equipment devel-oped or produced in one country which could meet the needs of the other," the Ministry of Defence said

This is distinct from programmes of collaborative procurement, such as the Angio-French Jaguar fighter aircraft programme, where the for-mer British Aircraft Corporation and Breguet Aviation of France collaborated on the design and production of the aircraft, through a joint company, Sepecat, formed in 1986. The aircraft are powered by the Anglo-French Rolls-Royce Turbo-

Westland of Britain and Aerospa tiale of France collaborated on the production of helicopters.

The idea of reciprocal purchasing stems from an initiative between Mr Peter Levene, the chief of deence procurement at the MoD, and Mr Jacques Chevallier, his French counterpart. They agreed earlier this year to explore increased co-operation in defence procurement between the two countries, to avoid duplication. French requirements are similar to Britain's at a time when the defence budgets of the two countries are under pressure.

Last year, the MoD placed a contract for remote-controlled mine in this category.

BRITAIN and France are to at-disposal systems for the Royal eywell Leafield of the UK. At the same time, the French Ministry of Defence confirmed the purchase of Racal-Decca navigation radars for the French navy.

These orders were not linked formally, the MoD said at the time. They reflected the readiness of each country to purchase products from the other when they offer the most cost effective solution to defence requirements. The contracts followed a meeting between Mr André Giraud, the French Defence Minister, and Mr Younger when they agreed on the importance of further co-operation in defence pro-

The MoD accepts that, even with ence, there will be areas where the two countries will compete with each other. The same companies that find themselves on each side of reciprocal purchase of some equip ment could compete with each other for other equipment orders.

Next week's conference is to concentrate on equipment for the British and French armies. Other conrences are planned for next year on the equipment needs of the Brit-ish and French air and naval forces. The next conference is likely to be

The Ministry of Defence has invited 50 British and 50 French major suppliers of army equipment to send a single representative to the conference next week. There will be 50 representatives from each of the British and French armies.

Mr Levene's defence procure booklet for the French to explain in detail British desence procurement policy, to help French companies gain access to the British market No such help is expected from the French which could have eased the access of British defence companies to the French market, but the MoD says it is likely that the French need for "reciprocal murchases" will be greater than Britain's need.

The projects to be discussed at the conference are expected to be "medium sized," below about £25m in value. The majority of UK-based defence equipment contractors fall

Leading British consulting engineers merge operations

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

engineers. Freeman Fox and John 'Taylor, last night. tional competition.

The deal will create a group with its activities.

1,000 staff in offices all over the Freeman F. world and a current workload of projects worth more than £10bn on all six continents. It will also give the joint business a similar scale to that enjoyed by many of its leading international competitors, apart from some of the larger American

"By merging we are creating an organisation with enormous technical resources and wide experience which will enable us to compete effectively for many important inter-national projects which neither company could have secured on its joint chairman of the group, and

TWO of Britain's leading consulting currently senior partner at John which is claimed to be the biggest

Taylor, are merging their world-wide operations in a move aimed at counteracting increasing interna- profits of a little under £1m, is aiming to gain competitive advantage partly by increasing the spread of

Freeman Fox has made its international reputation as a bridge de-signer, with a tradition stretching back to the Sydney Harbour Bridge and including the more recent Humber Bridge, the largest single span in the world. It is also responsible for the ambitious cross-harbour tunnel in Hong Kong, and the mass transit railway in the same

John Taylor's expertise is in water-related projects. In the last few

of its kind in the world. Mr Peter Banks, John Taylor's managing director and designated group managing director of the combined concern, said yesterday that the two concerns would also have an improved geographical coverage of the market.

"We have large projects in the Middle East and Freeman Fox in Hong Kong, and we are both active elsewhere. That gives you the intelligence you need to indentify pro-

Mr Banks added that new company would also be seeking to achieve economies by the more effective of specialists which both companies were now being forced to provide. years it has won a large number of Clients, he said, were expecting far contracts in the Middle East in wa- more from services from consulting ter supply, desalination and sewer-age treatment projects, including a waste water programme in Cairo

Laying down law to Sales growth disappoints retailers

By Ralph Atkins

RETAIL sales growth slowed in August, frustrating retailers' ex-peciations after a better-thanforecast increase in July.

The latest Confederation of British Industry/Financial Times quarterly survey of distributive trades shows that 58 per cent of retailers questioned reported an increase in sales in August com-pared with the same month last year but 19 per cent reported a

The balance reporting a rise was the lowest since March and was considerably less than predicted by retailers in last mouth's survey when official figures showed retail sales rising sharply to a record level. Yesterday Mr Nigel Whittaker.

chairman of the survey panel, described the August survey re-sults as "disappointing" although he said better growth was antic ipated in Septe However, he said: "These ex-

pectations must be seen against a background of rather optimistic hopes thoughout the year, which have mostly been unful-

insurance salesmen

BY NICK BUNKER

Britain's most unpopular people the life assurance salesmen - may never be the same again following publication of a new code of con-

Drawn up by the Life Assurance and Unit Trust Regulatory Organi-sation (Lautro) it would effectively outlaw many of the foot-in-the-door tactics which the public has come to associate with the selling of life assurance or double-glazing.

The code is a central element in a draft rule book which Lautro pub-

lished yesterday in connection with its attempt to become one of the new self-regulatory organisations (SROs) for Britain's financial ser-It bans life assurance salesmen, for instance, from contacting unsus-pecting members of the public at

unsocial hours," whether over the telephone or on the door-step. Sticking the foot in the door is also forbidden since the code says the salesman "shall recognise and respect, promptly and courteously, the right of the investor to termi-

nate the call at any time." Nor will life assurance sales be permitted to use unlisted tele-

THE WORKING lives of some of phone numbers, or rubbish the products of companies other than their own. The salesman shall not make any statement which he knows or ought reasonably to know to be untrue, or partly untrue or exaggerated," the code says.

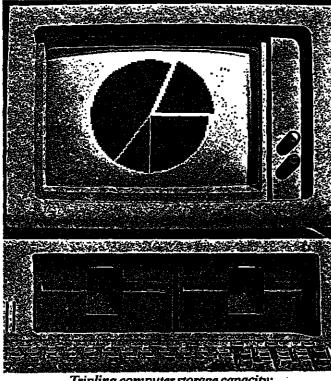
Hone

Even the salesman's business card - which he will have to give to every potential customer - will have to conform to new standards. The rule-book also contains bad news for those insurance brokers who are accustomed to being invited by life companies to "sales conferences" held in the Seychelles or on board cruise liners.

The code of conduct says the entertainment offered to brokers must not exceed "what is normal or reasonable" and that gifts must not be greater than £25 in any one year. Lautro's rule-book will now be scrutinised by the Securities and Investments Board, the industry's central watchdog, and by the Office of Fair Trading. The SIB said last night that it hoped that following completion of this process Lautro and the other aspiring SROs would be officially approved by early De-

Details, Page 10

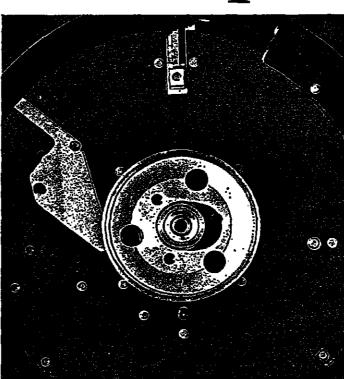
The never-ending search for the perfect bearing.



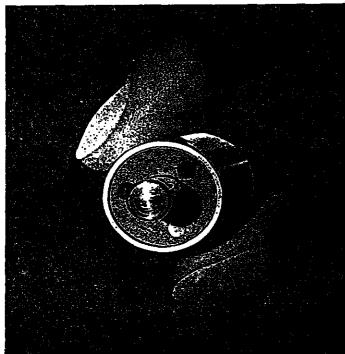
Tripling computer storage capacity:



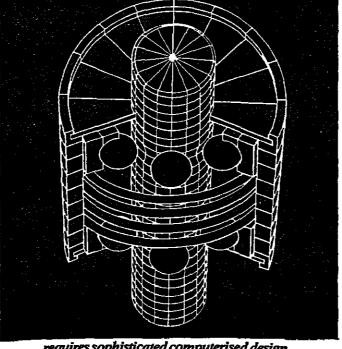
for high track density...



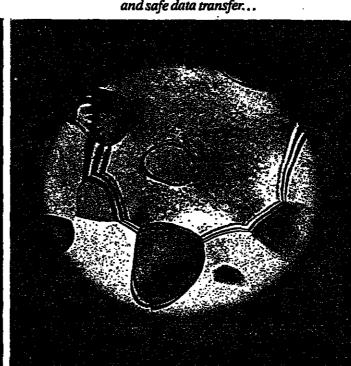
and safe data transfer...



this spindle bearing unit...



requires sophisticated computerised design...



and micro-precision scrutiny.

No doubt the computer has made office life run more smoothly. But have you considered the levels of precision required to provide such efficiency?

Take the actuator, which has a seemingly simple task in the magnetic disc drive. By accepting a signal it moves the head to the specified track and reports back when the head is ready to read or write. Fine adjustments, measured down to millionths

of an inch, can literally make the difference between unreliability and excellence. The same accuracy is essential for the bearings. Consider the sophisticated Winchester disc drive - a model which both improved access time and, with a track density of over 1,000 tracks per inch, more than tripled the storage capacity.

SKF's brief was quite simply to create nearperfection - a spindle bearing unit rotating so accurately that no read/write errors would occur from unwanted disc

The success of the venture can be judged by a current aim - to double track density levels to 2,000 tpi, for which bearings of even greater precision are needed. At SKF our search for perfection will go on for ever.

Down to the micro-world of the bearing

Our search for new answers takes us deep into the micro-universe of the bearing - where micro-changes of a 10,000th of a millimetre are now common-place. And new bearing designs can yield energy savings of up to 80%.
For this, high standards of metal-working precision

are required - and 'near-absolute' accuracy has to be maintained from steel purity through computerised design to

Now, by harmonising new theory with the reality of new technologies we have shown how bearing life-and reliability-can be prolonged nigh on indefinitely.

75 years of close customer co-operation has given us the expertise to create a virtually boundless programme of ball, cylindrical, taper and spherical roller bearing types in some 25,000 variants. From miniatures weighing three hundredths of a gramme to giants weighing 500 million times more. Assuring our customers worldwide of the exact

bearing for every application. And ultimate reliability. Like an effective actuator, at SKF we're usually on

SKE The exact bearing.

Line Agin Jack

Peter Riddell previews an unusually busy parliamentary session

Full steam ahead for Thatcher Government

the end of this month.

 Housing. White paper to be published in about a fortnight on proposals for the relaxation of rent controls and the right to transfer of local authority tenants to other land holl problem. will be followed by a bill, prob-

THE CABINET yesterday held ably in early December, though its first full meeting for six there is still argument with weeks, symbolising the end of the summer holidays in White-

while Mrs Margaret Thatcher has, characterisiteally, been back at work for some time, ministers and senior officials have generally only returned to their desks this week, to face one of their busiest autumns for many years.

Not only is there the usual autumn public spending review, but final decisions are being taken on the bills which formed the centrepiece of the Queen's Speech on June 25.

The key bills for this session, with final dates still to be

The key bills for this session, with final dates still to be agreed with the Government's business managers, are:

Education. Bill due in November. Decisions already taken on proposals for a national core curriculum, provision for schools to opt out of local authority control and delegation of budgetary control, but there will be consultation until the end of this month.

• Union members' rights, Bill due in late October to extend the use of ballots and the protection of individual workers.
Some measures have already
been published, notably the
criminal justice and local
government bills, which were

Norman Tebbit: former "Star Chamber" member



Lord Young: may join arbi-

tration committee lost at the general election.
Home Office ministers have said they are reconsidering proposals on sentencing and crime prevention, and amendments will be put forward when the bill (currently in the Lords)

The maximum political pressure of broadcasting, for measures on the proposals on the second reading on October 21, similarly decisions on the structure both of the electricity industry after privatisation and the bill (currently in the Lords)

The maximum political pressures of broadcasting, for measures of broadcasting, for measures are the common to the lords. prevention, and amendments will be put forward when the bill (currently in the Lords) comes to the Commons early next year.

The measure to prepare the way for electricity and water the day when the Commons the structure both of the electricity industry after privatisation and of broadcasting, for measures in the 1988-89 session.

On the familiar seasonal time-to-bill the maximum political pressure to make amendments on key bills will come in February and March during Commons table, this week has also seen the start of intensive billateral



John Major: intensive dis-

discussions between Mr John Major, Chief Secretary to the Treasury, and spending ministers over future plans, following detailed discussions between officials.

The "Star Chamber" arbitration committee is again likely to be called into play in early to mid-October with Lord Whitelaw, the leader of the Lords, being the usual rejuctant chairman.

Possible members are Mr John Wakeham, Leader of the Commons; Lord Young, Trade commons; Lord Young, Trade and Industry Secretary; and provided their budgets are settled quickly, Mr John MacGregor, Minister of Agriculture and former Chief Secretary; and Mr Cecil Parkinson, Energy Secretary. On the economic front, this

autumn will also see far-reaching discussions on possible full British participation in the European Monetary System and reforms to the personal tax system to be included in next spring's budget.

In both cases, the key decisions will depend on the relationship between the Prime Minister and Mr Nigel Lawson, the Chancellor. The latter is said to have returned from his holidays full of ideas.

Attack on housing policy misfires

BY ANDREW TAYLOR

AN ATTACK on government policy by five leading housing organisations misfired yesterday after the Government confirmed that it would after all publish a white paper ahead of its pro-posed Housing Bill.

posed Housing Bill.

The Association of Metropolitan Authorities, Sheker, the
Housing Centre Trust, the Institution of Environmental Health
Officers and CHAR, the campaign for single homeless, yesterday published their version
of a white paper in the belief
that the Covernment would not that the Government would not

issue one.

However, the publication was pre-empted by Mr William Wakdegrave, Housing Minister, who announced that a govern-

who announced that a government white paper would be published shortly.

Despite being caught off-balance, the organisations strongly attacked the Government for failing to consult housing groups over its plans to radically reform housing legislation.

Mar Spails McForbaic Stalker

Mrs Sheila McKechnie, Shelter mrs shella mckernie, shelter director, said proposals to end Rent Act protection for new private lettings and changes in methods of funding housing associations would lead to dramatic rent increases.

She said housing associations in London and the south-east, faced with escalating land prices and a reduction in grants would end up renting to "yuppies" rather than trying to satisfy the housing needs of low income families.

Mrs McKechnie claimed that housing association rent levels, averaging £25 a week for a one-bedroomed flat in Ealing, west London, would rise to £50.

Mr Maurice Barnes, vicechairman of the Association of Metropolitan Authorities hous-ing committee, said government policy statements did not explain how to reduce the large numbers of homeless staying in bed-and-breakfast accommodation at the expense of local authorities.

He said the Government had produced no evidence to show how its policies would help to reduce the huge backlog of repair and maintenance needed to restore public and private homes to an acceptable standard.

Not a White Paper. The Housing Centre Trust, 33. Alfred Place, London WC1E 7JU. £2.

Honda denies it is seeking stake in Rover

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

produces the two companies joint venture cars, as has been frequently rumoured.

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Nor does Honda have plans when it goes into production at to build a car assembly plant Longbridge, Birmingham, in at Swindon, Wiltshire, where it 1989. has a technical inspection centre and intends to build an

engine factory.

"Mr Okubo, speaking during the run-up to the Frankfurt motor show, said there had been no approach by Rover management to suggest that Honda should take some of the

HONDA OF Japan has no intention of asking the UK Government if it can buy a shareholding in the state-owned Rover Group when the British company is privatised, Mr Satishi Okubo, chairman of the development and production of a medium-sized car to the development and Pollede the Civia and Pollede shareholding in the state-owned Rover Group when the British company is privatised, Mr the development and production of a medium-sized car to replace the Civic and Ballade for Honda and the Maestro and lurad no wish to buy Rover's car assembly plant at Cowley, near the UK group Honda wants Rover to produce

assembly mant at Cowley, near Mr Okubo revealed that Oxford, where the UK group Honda wants Rover to produce a model, which Honda has codenamed YY and Rover calls ARS, at the rate of 30,000 a year

> This compares with the 5,000 Ballades and 3,000 Legends that Rover will produce for the Japanese company this year.
>
> Mr Okubo said that Honda's plans for an engine plant at Swindon were on schedule and construction would start soon. The plant would have an annual capacity of 70,000 engines.

BMW and Jaguar increase car prices

BY JOHN GRIFFITHS

The increase, now in effect on the West German cars, is the third this year and averages 4.6 per cent but reaches 10.89 per cent on the high-volume 316 and 3181 models. The 3181, however, has been fitted with a more powerful engine and shares other specification changes to the 3-series range.

BMW yesterday also blamed the strength of the D.Mark for the increase. It brings to 9.8 per which last month an average the strength of the D.Mark for the increase. It brings to 9.8 per

For the whole of last year, range up to 9.3 per cent.

MW increased its prices by an Jaguar previously increased verage of 16 per cent, under its prices in April by an aver-BMW increased its prices by an average of 16 per cent, under pressure from the rising D-Mark.

BMW AND Jaguar are both substantially increasing their UK rent effect on BMW's UK sales which rose to 35,898 compared which rose to 35,898 compared the previous year.

the increase. It brings to 9.8 per However, increases on some vercent the average rise imposed since Jaquary.

However, increases on some vercent sions of its XJS coupe models — also recently revised —

DTI optimistic over car output increase

BY JOHN GRIFFTHS

VEHICLE PRODUCTION statistics from the Department of Trade and Industry yesterday lent support to the contention by Mr Sam Toy, former chair-man of Ford UK, at the Frankfurt motor show that the British car industry was "on the road

The DTI's provisional esti-mates showed that car production in August, seasonally adjusted, was 105,000 units. This compares with 84,000 units in the same month a year ago and continued "the encouraging trend apparent this year." Taking the latest six months as a whole, output was 10 per corresponding period of 1986.

cent above the previous six-month period and 17 per cent higher when compared with the same six months of last year.

Production in the first eight months of the year averaged 95,000 units a month — the highest for such a period in nine years.

Commercial vehicle output at a reasonally adjusted 19,400 units, improved on the disappointing June level of 18,400. However, taking the latest sixmonth period as a whole, out put was 2 per cent below the preceding six months and unchanged compared with the

BBC creates central policy and planning unit

BY RAYMOND SNODDY

poration since 1985.

Mr Michael Checkland, the BBC director-general, said the appointment completed the restructuring of senior BBC manpolitical adviser.

The new unit would bring to- The post of secretary of the getter audience, market and BBC will be advertised.

THE BBC yesterday announced economic research, would adthe creation of a central policy vise on matters of taste and and planning unit to be headed decency and would "underpin by Ms. Patricia Hodgson, who the co-ordination of editorial has been secretary of the corporation since 1985.

Gencor General Mining Union Corporation Limited ted in the Remublic of South Africa)

Unaudited interim results for the six months to 30 June 1987

- Attributable income up by 31.6% to R303.8 million.
- Interim dividend increased to 90 cents per ordinary share.
- ◆ The contribution by Sappi 160% higher at R43.4 million.
- Industries' contribution rose from R3.2 million to R32.7 million. • Further reduction in gearing ratio and financing costs.

Dividends and interest payment	
Declared on	10.9.1987
Dividends (cents per share)	
-8.5% convertible preference shares	114.75
—ordinary shares.	90
Interest on 12.5% convertible debentures (c.p.d.)	168.75
Last day for registration	25.9.1987
Currency conversion date	28.9.1987
Payable on	15.10.1987
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Sectoral analysis according to activity

Attributable income	Six months ended 38.6.87 30.6.86			ı	Year ended 31.12.86		
• •	Rm	%	Rm	%	Rm .	%	
Mining							
Gold and wanium	77.1	25.4	74.5	32.3	165.2	27.9	
Platinum	10.9	3.6	9.4	4.1	33.0	5.6	
Coal	13.6	4.5	22.3	9.7	45.8	7.8	
Metals and minerals	74.2	24.4	95.7	41.4	161.2	27.2	
Mining total	175.8	57.9	201.9	87.5	405.2	68.5	
Overseas ventures	3.8	1.2	(1.3)	(0.6)	(16.5)	(2.7)	
Sappi	43.4	14.3	16.7	7.2	56.9	9.6	
Industries	32.7	10.8	3.2	1.4	38.1	6.4	
Finance	59.2	1 9 .5	46.8	20.3	148.1	25.0	
Services (net of corporate costs)	3.9	1.3	(10.1)	(4.4)	(4.7)	(0.8)	
Total	318.9	105.0	257.2	111.4	627.1	106.0	
Unapportioned fluancing cost	(15.1)	(5.0)	(26.4)	(114)	(35.4)	(6.0)	
Attributable income	303.8	199.0	230.8	100.0	591.7	100.0	
Earnings per capital unit—cents Dividends per ordinary	311.0		242.0		616.0		
share—cents	90.0		80.0		230.0		
Number of capital units—million	97.7		95.2		96.1		

			_	_		
Earnings per capital unit—cent Dividends per ordinary	s 311.4		242.0		616.0	
share—cents	90.6		80.0		230.0	
Number of capital units—million			95.2		96.1	
· <u>·</u>						
Permanent capital holders'	30.0	5.87		8.86	81.1	286
interest at valuation	Rm	%	Rm	%	Rm	<u>%</u>
Mining						
Gold and uranium	3, 614 .7	40.5	2,063.9	36.4	3, 46 7.9	41.2
Platinum	1,262.1	14.0	986.3	17.4	1,410.3	16.7
Coal	241.6	2.7	324.7	5.7	290.8	3.
Metals and minerals	847.4	9.4	842.1	14.8	849.3	10.0
Mining total	5,995.8	66.6	4,217.0	74.3	6,018.3	71.4
Overseas ventures	104.5	1.2	83.5	1.5	83.5	1.0
Sappi	1,216.1	13.5	546.1	9.6	879.9	10.5
Industries	1,464.8	16.3	924.3	16.3	1,232.4	14.6
Finance	310.7	3.4	195.4	3.4	322.7	3.8
Services and corporate assets	156.4	L7	126.5		155.4	_ 1.9
Total	9,248.3	102.7	6,092.8	107.3	8,692.2	103.2
Unapportioned loans	(240.8)	(2.7)	(415.0)	(7.3)	(272.4)	(8.2
Permanent capital holders' interest at valuation	9,007.5	100.0	5,677.8	100.0	8,419.8	100.0
			= 000			
Value per capital unit—cents	9.229		5,958		8.618	

Notes to the income statement and balance sheet

1. Extraordinary items Net losses on changes in interests in group companies and discontinuation of ret losses on changes in interests in group companies and discontinuation of activities as well as the group's interest in net extraordinary items of associated companies (1966 year—also provision against overseas ventures).

2. Value per capital unit
This is calculated on the basis of the capital holders' interest in the company with all investments, including those in subsidiaries, valued at market value.

All material foreign liabilities are contractually covered against exchange rate

Additional information

1. Interim dividend

The interim dividend of 90 cents per ordinary share is 12.5% higher than the 80 cents per ordinary share for the six months to 30 June 1986. The distribution for the six months is 3.1 times covered (1986: 2.6 times). 2. Significant changes after 30 June 1987

The Interim Report will be mailed to shareholders on or about 17 September 1987, after which date copies will be available at the London office, 30 Ety Place, London ECIN 6UA

Income statement			Percentage	
	Six mon 39.6.87	ths ended 30.6.86	change June on	Year ended
	Rm	Rm	June June on	Rm
Dividend income Net operating income	182.8 275.5	198.9 218.8	(8.1) 25.9	559.0 378.2
Financing costs	· 458.3 71.4	417.7 136.1	(47.5)	937.2 231.8
Income before texation Taxation	386.9 42.0	· 281.6 45.6	37.4	705.4 79.2
Income after taxation Attributable to outside	344.9	236.0	46.1	626,2
shareholders	78.7	33.3	136.3	123.7
Consolidated income Equity accounted income	266.2 49.6	202.7 23.6	31.3 72.0	502.5 87.6
Total income Net transfer to/(from) deferred	396.8	226.3	•	590.1
taxation benefits reserve	3.0	(4.5)	•	(1.6)
Attributable income before extraordinary items Extraordinary items	393.8 (4.2)	230.8 (15.0)	31.6	591.7 (254.0)
Net income Distribution in respect of	299.6	215.8	•	337.7
permanent capital	99.1	89.3	11.0	237.9
Retained income	200.5	126.5	· 58.5	99.8
Balance sheet	-		Percentage change	
	30.6.87 Rm	30.6.86 Rm	June on June	31.12.86 Rm
Capital employed Permanent capital holders'				
interest Outside shareholders' interest	2,961.0 1,190.7	2,668.9 1,027.6	10.9 15.9	2,754.4 986.1
Group equity Long-term financing Deferred taxation liabilities	4,151.7 1,163.1 78.8	3,696.5 1,927.0 97.9	12.3 (39.6)	3,740.5 ·1,698.6 84.7
·	5,393.6	5,721.4	•	5,523.8
Employment of capital Investments: Listed—Book Value	1,495.8	1,184.4	·	1,343.2
-Market Value	5,672.9	4,078.4	39.1	5,428.8
Unlisted—Book Value	334.6	344.2		328.7
-Valuation	786.1	517.4	51.9	558.3
Fixed assets Other non-current assets Current assets Current liabilities	2,670.7 392.8 2,212.8 (1,713.1)	2,995.1 525.9 2,420.8 (1,749.0)		2,828.5 440.6 2,379.1 (1,796.3)

-It is anticipated that an announcement will be made shortly of a transaction in terms of which the majority of the remaining industrial interests will be transferred to Malcor/Malbak.

(746.5)

(520.4)

(1,228.6)

5,721.4

D. L. KEYS

J. H. FOUCHE

(599.2)

(1,197.1)

5.523.8

Directors

A rights issue of R71.0 million by Darling & Hodgson was underwritten by Gencor. Gencor's share in this issue amounted to R41.6 millon, which was funded from

available resources

-The effective interest in Sentrachem was increased from 9.6% to 12.8% at a cost of R6.3 million, which was funded from available resources. -A rights issue of R101.2 million by Sentrachem was partially underwritten by Gencor.

Gencor's share in this issue amounted to R13.3 million, which was funded from available resources. 3. Prespects for the rest of the year
It is anticipated that the earnings for the second half of the year will show a moderate

improvement over that for the first half of the year. Registered office On behalf of the board

bearing loans

Johannesburg 2001

10 September 1987

Creditors

monopoly on the supply of plasterboard in the UK is set to be broken by Redland, the Surrey-based building materials group and CSR, an Australian

form a joint venture to supply the world plasterboard market. As a first step, the joint venture, Redland Plasterboard, plans to spend about £50m to £60m during the next three years on two British plaster-board producing plants. Redland will own 51 per cent of the new company and CSR

500p. Plasterboard, a light and Plasterboard, a light and by Redland's announcement. It durable material which is easy had known for some time that to work and has good noise and Redland had been looking for heat insulation properties, has a partner

INDUSTRIES' virtual been becoming increasingly im-poly on the supply of portant in the British building materials market.

It is widely used for partition walls in homes and is increasingly being used in commercial

resources group.

Redland and CSR yesterday
announced they had agreed to

pullding materials, sugar and
developments.

Sales of plasterboard in
Britain have risen by about 50
per cent since 1980. Sales of plasterboard products currently stand at between £200m and £250m, according to Redland. Negotiations with CSR began after the Australian group earlier this year made an abor-tive bid for Redland's majority stake in Monier, Redland's Aus-

viduals owned shares.

The statement is the panel's lastest effort to assert its role at the centre of the City's self-regulatory structure. This structure has met widespread criti-cism and some calls for a comtralian building material associate. pletely statutory system in the wake of the Guiness bid for Dis-tillers and insider trading

Redland will own 51 per cent of the new company and CSR will lown the remaining 49 per cent.

Sir Colin Corness, Redland's chairman said that over the next three to four years Redland Plasterboard would expect to invest £100m in the UK and on the Continent.

BPB Industries currently supplies about 96 per cent of British plasterboard. It is also an important supplier in France and West Germany.

The company's share price and West Germany.

The company's share price fell by 39p to 354p on news of the joint venture. Redland's share price slipped by 19p to 500p.

Traina building materials for just over half the Australiah plasterboard for just over half the Australiah plasterboard market, which is company two-thirds the size of the British market.

CSR said yesterday: "Given the difference in the size in populations, plasterboard has a pletely statutory system in the wake of the Guiness bid for Distillers and insider trading cases.

The panel once again emphasised that companies in any doubt about their position under the code should consult the panel directly and not rely on the word of their advisers.

Nevertheless, the panel made guidance:

When a company's name was mentioned in rumours as a possible bidder. "it should normally be presumed that there has been inadequate security on its part."

Companies

of rules for

THE TAKEOVER Panel yester day reminded companies that, even if they were only conside-ring whether to faunch bids,

they were obliged to make ex-planatory announcements if their names emerged in market

rumours.

The panel said its move, which does not involve any change in the wording of the Takeover Code, was intended to avoid the creation of false markets, especially now that a greater number of private individuals owned shares.

reminded

takeovers

By Clay Harris

mentioned in rumouss as a possible bidder, "it should normally be presumed that there has been inadequate security on its part."

 Announcement of a bid should not be delayed simply because financing plans had not

● Tactical considerations should not influence the decision whether an announcement is

◆ Although a change of 10 per cent or more in a potential target company's share price—unexplained by the general market or publicly known facts—was considered "untoward" under the code, the absence of such price movement did not justify a would-be bidder's failure to make an announce-ment if other factors were in

• If a company was revealed as having bought shares in mobiler and made no statement about its intentions, the market was "entitled to infer" that it did not plan to make a full bid. The head of corporate finance at one merchant bank said yesterday that the statement would bear further study, but he envisaged potential problems in arranging underwriting if companies were forced to make panies were forced to make premature announcements. Mr John Walker-Howarth, the

panel's director general, said yesterday that no recent case had prompted the statement.

A report prepared for broadcast last night on Thames Television's The City Programme suggests that insider trading my still be rife in the City in spite of the additional publicity given to enforcement

ensure that they are not anti

David Lascelles on Sir John Cuckney's appointment to a development capital business

Captain of industry takes the helm at 3i

FEW PEOPLE quality more readily for the title of captain of industry than Sir John in net assets per ahare over the Cuckney. Although millions of people came to know his tall figure and craggy features during last year's stormy Westland affair, his career has encompassed the City and the chairmanship of organisations almost too numerous to mention: the Crown Agents, the Port of London Authority, Thomas Cook, Brooks Bond, Thomas Cook, Brooks Bond, Insurance.

Insurance.

Now he has added to that Now he has added to that the chairmanship of Si, the UK's largest development capital business which is owned jointly by the large clearing banks and the Bank of England. He was suggested for the job by Mr Robin Leigh-Pemberton, Governor of the Bank.

His appointment comes at a time when 3i's business is booming with the growth of the

UK's enterprise culture and a referring to complaints that investors and number of new company start-ups. But 3i itself may be about to undergo big changes banks have demonstrated including possible partial flotation on the stock market.

He says that he had always thought of 3i as "a valuable, constructive and rather unique periods of five years to how-inancial institution." But he had never appreciated, even when he became a nonexecutive director of the Midson of the sums involved range from executive director of the Midson of its deals are for less UK's enterprise culture and a record number of new company

better climate in which to operate, with a Conservative administration and the enter-prise economy it is trying to His aim, he says, is to pre-

serve 3i's essential character as a provider of long-term finance, a provider or imperem masac, drawing on the group's deep well of professional expertise and knowledge of industry. "It is the living counter to allegations of sort termism," he said, referring to complaints that investors tend to show little

dealing with companies which face global marketing prob-lems." land Bank, what an asset it was thirds of its deals are for less In commercial terms 3t for its owners. Under its chief than £150,000, Sir John believes occupies a slightly ambiguous executive, Mr Jon Foulds, it that 3i could play a still bigger position between hard-nosed

Sir John Cuckney: sees 3i tes " a

role in helping small companies. The group's recent TV advertising campaign—its first—is part of a new drive for such business and 3i is able to draw strong presence in the regions. Sir John also expects the group to become more active overseas, where it has offices in the US, France, Germany, Ire-land and Australia. "We are

realism and a sense of public duty bred of its origins in the post-war reconstruction days.
The fact that it is part-owned by the Bank of England also gives it a strong institutional

character.
Sir John agrees that there is
"a slight public service ethos"
but he insists that the group is
applitical and applies that ethos in strictly commercial terms. It is not a provided of soft money."

The sheltering hand of the

to its establishment air and puts it in the curious position of competing with the banks own fast-growing development capital subsidiaries (though Sir John insists they also collaborate). On the other hand, the absence of public shareholder pressure to keep raising the dividend enables 3i to take the languagement of the on which it longer-term view on which it

inio

/iicle

prides itself.
The banks, however, would like to be able to value their shareholding more fully in their shareholding more runy in heir accounts, and talks have been going on for some years now about a possible flotation. But to protect 3i's character, Mr Foulds's management have insisted that a prior condition be the transformation of the

be the transformation of the group into an investment trust. This status would prevent it from distributing capital profits; in other words, it would not be vulnerable to pressure to cash in its chips in order to pay a higher dividend.

Talks with the inland Revenue are proceeding and if they succeed may produce a result in a couple of months.

Whatever happens, though, Sir John does not expect the banks or the Bank of Enland to sell buit completely; they would only end up owning a smaller part of the business with the rest in the open with the rest in the open market. "It is extremely important," says Sir John, "that the Bank of England should remain a shareholder."

Canon puts

new copier

on market

A COLOUR copying machine at

half the price of many systems was launched in the UK yes-terday by Canon, the Japanese

camera and office equipment

up a broader market for colour reproduction. Until now colour copiers have been sold largely

By Terry Dodsworth, Industrial Editor

Midland arm co-ordinates **US film company buy-out**

BY DAVID WALLER

MIDLAND MONTAGU Ventures—the venture capital arm of Midland Bank—has co-ordinated the management buy-out of the New York-based film company which produces the best-selling Jane Fonda Workout videos, in what it claims out videos, in what it claims on the one of the first US buy-outs led from the UK.

RVP Productions — to be known in future as Lightyear Entertainments — was bought from its former parent Bertelsmann, the German publishing group, for an undisclosed sum.

of the total size of the transaction, Turnover has not been action.

Turnover has not been would have made pre-tax profits of between \$2.5m and \$3m in its last financial year if it had then been an independent company.

RVP formerly a subsidiary of RCA, the US entertainment company, was sold to Bertelsmann when RCA was acquired by General Electric last year.

US backers of the total size of the transaction.

Entertainments — was bought from its former parent Bertels-mann, the German publishing group, for an undisclosed sum. MMV paid \$4.5m (£2.7m) for a 45 per cent stake but said MM this amount gave no indication US.

night that it was not surprised

included Citibank and Chase Manhattan Bank. This is MMV's first investment in the

BA passengers rise 13% BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS' traffic continued at high levels during a level to traffic upon for passengers rising by hearly along to the end of of passengers rising by hearly along to over 1.85m.

The airline's latest statistics show that this growth was a levely spread across UK and European traffic, together up traffic up 20.7 per cent.

13.2 per cent to 1.33m, and If British Airtours, the long-haul intercontinental charter subsidiary. Is also in-Algust, with the total number of passeogers rising by nearly August, BA's total passenger regard with a tyeir compared with a tyeir case to total passenger regard of percent, compared with a tyeir case to total passenger regard of percent, compared with a tyeir case to total passenger regard to over 1.85m.

The airline's latest statistics show that this growth was evenly spread across UK and evenly spread across UK and evenly spread across UK and European traffic, together up 13.2 per cent to 1.23m, and long-haul intercontinental traffic, up 11.9 per cent to 519.000.

Cargo also improved substantially, with total cargo tonne, are flown gaining 15.9

The clity Programme suggests that insider gramme suggests that insider traffic rose by 16.4 per cent to 515. 4 total passenger rise flown gaining 15.9

The clity Programme suggests that insider traffic rose by 16.4 per cent to 515.000.

The airline's latest statistics same period of last year. UK-European traffic, together up taffic up 20.7 per cent.

After a study of 96 compared with a typic policy committee.

The move would be a significant to there would be a significant to delegates and thus gives Mr Beith and thus

Some Scots Tories say 'Thatcher a liability'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

its commitment to an anti-infia- Beith to strengthen his position tionary incomes policy is raised for any future leadership con-

in a report by Mr Alan Beith, test in the merged party.

députy leader of the Liberal The report is put forward as Party and chairman of the a contribution to the merger party's policy committee.

MRS THATCHER is seen by lish" ministers. some Scottish Tories as an electoral liability and her visits to Scotland may be counter-productive, according to an internal Scottish Conservative Party document.

The leaked document says that Mrs Thatcher was "characterised by some as a liability in Scotland, mostly, one gathers, because of her Englishness and perceived 'uncaring' attitude."
It adds: "It seems that the

tary wing of the party.

tary wing of the party.

tary wing of the party.

it followed the Tories' loss terested in Scotland, the more of 11 of their 21 Scottish seats she is seen as condescending in last June's general election.

Mr John MacKay, recently tends to apply to other "Eng-

"One hesitates to suggest they should spend more time in Scotland or contemplating Scottish matters, as this could be counter-productive -- a conundrum indeed." The document, which was never intended for publication, is based on responses from

voluntary party workers to questionnaires sent by the Scottish Conservative and Unionist Association, the voluntary wing of the party.

Liberals' commitment to incomes policy questioned

the Scottish Conservative Party, ministers "should not take yesterday stressed that the re-decided positions" on issues based in the views of people who, in many cases, were not going to vote Conservative. It is to be discussed by the executive of the Conservative Association on Sunday.

Deep embarrassment has been caused by the fact that the paper emerged less than a week after Mrs Thatcher made a visit to Scotland, which many Conservatives regarded as more successful than past visits.

The Prime Minister resterated her opposition to the idea of

paper emerged less than a week after Mrs Thatcher made a visit to Scotland, which many Conservatives regarded as more successful than past visits.

The Prime Minister resterated her opposition to the idea of a Scotlish assembly, but the leaked document suggests that Mrs Thatcher and non-Scotlish it was like the significant to explain it executable.

such as devolution. "They should make it plain they are prepared to listen," the

decided positions" on issues

report says. It argues that the conservative Party, being the only party opposed to devolution, adds to the impression that it is "English and artisocotish."

copiers have been sold largely to specialised companies willing to pay up to £40,000.

The Canon machine, priced at £17,000 in the UK, is much smaller than the preceding generation of colour copiers, with dimensions roughly in line with conventional black-and-whita machines.

white inachines.
Canon said the copier could also be used without the need for specialist maintenance staff—one of the drawbacks of the original colour copiers - and that a high quality of reproduc-tion had been achieved through

THE POSSIBILITY of a place in the policy committee, possible or prodent in a few faction of Social Democrats merged Liberal and Social Some at Westminster were in years time.

Democratic Party abondoning terpreting it as a move by Mr Therefore it was not possible Repert Macleman, its commitment to an anti-infia. Beith to strengthen his position to say "whether anti-infiationary He also said that there would to say "whether anti-inflationary incomes policy machinery will have to be much new thinking be needed to allow such a on the party's defence policy strategy to be pursued." If an which, in the election, commonde policy rould not unlock mitted it to maintain and the door to be efficial measures modernize a similarity hucker and the same party. the use of lasers.

The company hopes that markets for the machine, called the Calcut Laser Copier, will include the large multinationals, banks, design studios, advertising spansies, and architecture. ing agencies and architects.
Canon said research indicated a strong pent-up demand for colour copiers. The machine was introduced in Japan seven months ago and sales have risen to 1,200 units, well above the company's expectations.
"Market research in both Britain and America has confirmed

that full colour copying is seen by many facilities managers as one of the key areas of copier development in the near future," it added.

Lautro likely to maintain a low profile

IN THE 1988-98 financial year. Lautro expects to be spending f2.8m a year on regulating about 400 members—which will include friendly societies as well as life companies and unit trust managers.
That will make its budget

considerably smaller than those of the UK's other financial Self Regulatory Organisations (Fimbra, for instance, the equivalent body for investment about 28.3m in 1998).

Judging from the 41-page policy statement which it published yesterday along with its

proposed rule book, Lautro will be a relatively low-profile, un-For instance, its enforcement and will not adopt Fimbra's staff will make scheduled in-policy of making random spot spections of its members' cen-tral and branch offices, to make

The Life Assurance and Unit Trust Regulatory Organi-sation yesterday published its long-awaited draft rule book, rites Nick Bunker. Before Lautro can be recognised as the watchdog body for Britain's life assurance

ensure that they are not anti-competitive.

The SIB—which received advance copies of the rule book last week—hopes that both these processes can be concluded by early December. Lautro will then be ufficially confirmed as one of the self-regulatory organisations set-up under the 1986 Financial Services Act to police the savings and investment in-dustry. and unit trust groups, its rules must be approved by the Securities and Investments Board. They must also be ex-amined by the Office of Fair Trading, which will want to

conform to Lautro's rules. But Lautro will give one month's notice of these visits-

tral and branch offices, to make
sure that their administrative
functions and sales practices

Lautro says it will only make
"no-notice visits" in pursuit of
functions and sales practices
"specific inquiries" initiated

checks.

company representatives

THE CENTRAL pillar of ensure the investor knows when

Lautro's investor protection role he is dealing with a company will be the operation of a code of conduct that applies to memsell only the products of his

monitoring company represen- meet the investor's require-tatives and has taken care to ments,

At present, Lautro employs only 12 staff, with offices at Bureau to investigate com Centre Point, London. It also has six committees, covering membership, commissions, sell-ing practices, product dis-closure, advertising and

by its chief enforcement officer. At present, Lautro employs

It will create two committees to cover monitoring of mem-bers, and disciplinary proceedings against those who break the rules. Sanctions against wrong-doers will range from private reprimand to termination of membership. Also, Lautro will appoint an appeals

Lautro plans to augment its staff by creating "a regional monitoring investigatory capability," and by adding staff to investigate complaints.

tribunal to review decisions made by the disciplinary However, it hopes to use the Lautro members. Lautro said the IOB had agreed to do this in cases where the Lautro members were life offices.

Code of conduct to control Rules on commission will help investor protection

ALTHOUGH THE code of conduct lays down firm principles on how intermediaries should deal with clients, Lauro, fellow-

regard to marketing life assurance and unit trusts — that the
intermediary must either be
completely independent or else

The structure of t

bias. SIB also attacks the problem completely independent or else represent just one company.

Lautro is responsible for concerning recommendations to monitoring company representatives and has taken care to recommendations.

He then has to give the information all independent life and unit fits go much trust salesmen to disclose commendations to meet the investor's requiretatives and has taken care to recommendations.

Restrictions all independent life and unit fits go much trust salesmen to disclose commendations to meet the investor's requiretatives and has taken care to represent just one company.

Restrictions all independent life and unit fits go much trust salesmen to disclose commendations to investors at the point medianies exists and the care to require the information all independent life and unit fits go much trust salesmen to disclose commendations to investors at the point medianies exists and the problem.

cloure, unles the member com-pany is bound by an industry-wide maximum commission agreement, known as soft dis-closure. Lautro has firmed up this

will be the operation of a code of conduct that applies to member companies and the company representatives of the members.

The basic aims of the code will be to implement set objectives:

Maintaining high standards of integrity and fair dealing.

Exercising due skill, care and diligence in providing any services in the course of business.

The SIB rules laid down the principle of polarisation with regard to marketing life assurance and unit trusts — that the investor before making to fair the product of the investor before making that he can deal with clients, Lautro, fellowing the SIB rules, is reinforcing investor protection by laying down rules on commission payments to independent interaction to be shown on business to independent interaction to be shown on business.

The alm is to ensure that recommendations are not biased by remuneration considerations and very low renewal payments. Although the agreed scale of product or promoting a certain the corresponding SIB rules.

The Company representative and that he can sell only the products of his company.

The code not only deals with tleents, Lautro paying Lautro has firmed up this ingreement, known as soft discours representative and face-to-fing the submortance of the company.

The code not only deals with tleents, Lautro paying the initial paying down rules on commission payments. The central theme is industry-wide commission payments and very low renewal payments.

The alm is to ensure that recommendations are not biased by remuneration considerations and very low renewal payments. Although the agreed scale by remuneration considerations and very low renewal payments. Although the spring formation to be shown on business to independent interaction to the contracts and face-to-ments to independent interactions and sales. The alm is to ensure that recommendations are not biased by remuneration considerations and very low renewal payments. Sib itself bans overtider commission payments excurs the foundation of the interest of the interaction commission pay pronotional gifts are limited to £25 in a calendar year. Restrictions on indirect bene-fits go much further. Members

cannot supply software to inter-mediaries except at full com-

21 per cent so far this year

By Nick Garnett

STEEL OUTPUT in the UK this year has been running 21 per cent above last year, according to figures published today by the steel industry.

Production in the first eight months of 1987 averaged 321 tours a week compared with 266 touries during the same period last year.

Provisional figures show that total UK steel output was 11.2m touries in the eight months to August as against 9.3m tonnes for the same period in 1888.

Some of the increase is the

Steel Corporation's Redcar blast-furnace last year which depressed 1986 production.

It also reflects increasing demand in the UK and abroad for steel made in the UK, reinforcing the position of BSC which is complaining about the restraints placed upon it by EC production quotas.

production quotas.

Stricter council tenders urged

by the Government's controversial legislation on compulsion to privatise will need to sory competitive tendering do so within a clearer definition force local authorities to do so within a clearer definition there are endeavouring to the performance levels adopt much stricter monitoring they are endeavouring to standards, Mr Howard Davies, Controller of the Audit Commission, said yesterday.

His theme, at a National Consumer Council conference in London on standards of service in local government and the health service, was that performance measurement would be a key tool for local would be a key tool for local
authorities over the next five
years. This would be the case
whether they supported or
opposed the legislation.
"It will be important for
those authorities who wish to
defend their right to deliver
services themselves to demon-

Steel output up

Some of the increase is the result of a distortion in supply caused by the relining of British Steel Corporation's Redcar blast-

THE CHALLENGE presented strate that they are doing so performance in a clear and by the Government's controversial legislation on compulsions to privatise will need to allows them to set management objectives which bring their would force local authorities to they are endeavouring to levels," he said.

Scots solicitors set up financial

services group

effectively ... and those whe aim to privatise will need to do so within a clearer definition of the performance levels they are endeavouring to substain," he said.

Air Davies accepted that sutherities of different political complexions would respond in different ways.

"Some authorities will wish to try to retain as much werk as possible in-house, and as long as they meet the conditions set in the legislation it is hot unreasonable for them to take this life. But it will inevitably mean a major revolution in direct labour organisations.

"They will not be able to achieve this revolution unless they will need to employ. In many cases they do not have quickly to the monitoring of the side of set in the legislation of the conditions of the labour organisations.

"I local authorities wish to get the best out of contractors, then that is the kind of skill they will need to employ. In many cases they do not have quickly to the monitoring of the law so wanted from their such set in the legislation of the law sociation and administration facilities in exchange for a shafe of commissions. The many cases they do not have quickly to the monitoring of the law so wanted from their such sets of the said.

Scotting Scotting Scotting to the requirements of the frequirements of the fr

Midlands Metro plan launched

BY LYNTON MCLAIN

THE WEST Midlands Passenger Transport Authority yes-terday launched plans for a Midlands Metro rail project, to be operational by 1992. The cost of the metro was put by the authority at £800m over the next 30 years, with £200m expected to be spent on the initial outley.

About half the money could come from the European Community's regional development fund, with the balance from government grants and the private sector, the authority said.
Trafalgar House is considering taking an equity stake in the metro.

The authority has proposed a network of lines radiating from Birmingham and through the neighbouring Black Country. The authority wants an enabling parliamentary bill to be introduced in 1989, so that the first 12-mile route can be started in 1990.

Welsh expansion schemes announced

BY ANTHONY MORETON, WELSH CORRESPONDENT

wo more plant expansion themes have been announced or North Wales, bringing the stal of new jobs in the principality to almost 1,000 this week.

Hygicare, a Wrexham workstear maker, is to take on another 1800 machinists and G. G. These announcements follow the first time they have been made in the UK.

Association is to expand its insurance services in Gardiff, which should add about 50 to its workforce, and an announcement is expected before the end of this month of a further 150 iobs being created in the high technology sector in Bridgend.

These announcements follow closely the announcements follow closely the announcements on the UK four years ago and has decided to begin production. The sales office will also be moved to north Wales from Hahn is to open a factory at Mold nearby to produce stabi-liser systems for the food industry, the first time they have been made in the UK.

TWO MORE plant expansion schemes have been amounced for North Wales, bringing the total of new jobs in the principality to almost 1,000 this week. Hygicare, a Wrexham work wear maker, is to take on another 180 machinists and G. G. technology sector in Bridgend.

Association is to expand its in Gardiff, which should add about 50 to its workforce, and an announce made model cottages.

Hygicare has just won a contract worth \$400,000 from the Government for 2,000 boller suits a week.

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Unions divided but drawing closer

Blackpool with Britain's unions divided over future strategy but drawing together on the need to find if possible some way of restoring their role and influence, Passip Bassett writes.

Senior TUC teaders will next week begin work on deciding on first the members and then the programme of work for a special review body on union organisation, which is expected to be headed by Mf Clive Jenkins, general secretary of the white-collar ASTMS, who will today be elected TUC presi-

dent for the coming year. Yesterday's congress debatcs saw further sharp divisions over both civil nicelar power and nuclear weapons, reflecting the diverse models of unionism being offered on the one hand by the militant National Union of Michael Carlos of Mineworkers and on the other by the more conciliatory. EETPU electricians and AEU engileering workers.

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History

But union leaders broadly agree of the need for the review—the principal outcome of the congress week—to try to find solutions to the problems lacing Britain's unions of falling union Rivitain's unions of falling union membership at a time of rising employment, and accordingly, continuing falls in the proportion of the workforce who are union members.

The review will cover a number of areas, including the controversial issue of strike-free sink-union deals and the difference of areas, and the difference of a strike-free sink-union deals and the difference of a strike-free sink-union deals and the difference of the strike-free sink-union deals and the difference of the strike-free sink-union deals and the difference of the strike-free sink-union deals and the strike-free sink-union deals are strike-free sink-union deals and the strike-free sink-union deals are strike-free sink-union deals and the strike-free sink-union deals are strike-free sink-union deals are

ing attitudes of unions towards

them. Most union leaders as they left Blackpool yesterday seemed

Reports by Philip Bassett, David Brindle. Charles Leadbeater, Jimmy Burns and John Gapper Pictures: Alan Harper

convinced that some kind of formula could be found by the review to resolve the problem-though equally, tew were able at this stage to make concrete suggestions about what that formula might be.

If the issue it resolved—and TUC leaders are insistent that it will have to be—then the review will move on to wider issues. Foremost amen them will be how best to deal with growing non-unionism.

It will also encompass the work and organisation of the board the idea, proposed by the congress yesterday, of setting up an independent research body to promobe hew thinking for the trade unions.

The TUC is to consider setting up an independent research body to promobe hew thinking for the trade unions.

The TUC is to consider setting up an independent policy think tank, to stimulate supported a motion from the IRSF which triged the general council to consult with unions, policy think tank, to stimulate institutions, and charities, with independent the aim of establishing a think tank within 12 moints.

However it seems unlikely that the TUC will more that quickly to take up the idea. Mit group of independent think.



Arthur Seargill: the in challenger to the policy of the leadership

tanks, including the Instituter man of the TUC's economic of Economic Affairs, and the committee, cautioned that Adam Smith Institute, which given the need to raise finance, had a significant influence on conservative thinking in the late 1970s and early 1980s.

A centre could be set up within

Delegates overwhelmingly a Fear, supported a motion from the IRSF which tirged the general warned

Mr Clive Brook, of the IRSF, warned delegates that to be effective the research centre effective the research centre would have to produce ideas which would ait necessarily be acceptable to the unions. He noted that the labour Party's election campaigh had been hampered by a lack of detailed research to a variety of issues including taxation.

Nuclear balancing act survives challenges

THE TUC's support for unitateral intelear disarmament and its delicate balancing act on unclear power survived strong challenges from right and left respectively.

A move by the AEU engineers and EETPU electricians to call for a referendud on nuclear disarmament received barely any backing when the two unions forced a vote against two unions forced a vote against the wishes and pleas of the TUC leadership.

the wishes and pleas of the Till leadership.

Similarly, delegates voted by a substantial majority in favour of a further year's review of nuclear power, rejecting a call by the NUM indices and FBU fielighters — again against leadership pleas — to adopt an anti-nuclear stance.

international chimate. The persone sented "a wonderful, thrilling prospect" for the world.

Congress voted for Tasks.

Mr Jerdan sald a government on appeal by Mr Norman Willis, had no right to take the nuclear TUC general secretary, to allow deterrent away without the per-another 12 months for the

seated "a wonderful, thrilling prospect" for the world.

Congress voted for Tast's restination of TUC support for "British nuclear disarmanent as a significant contribution to the full for phasing out of nuclear plants averts a faithful for full for phasing out of nuclear plants averts a serious inter-which clash.

Department planned for women and equal rights

THE TUC voted yesterday to establish an equal rights department to promote the interests of groups in society and in unions such as women and the

Technically, the congress voted, also by a substantial majority, as well to set up a women's department, but Mr Norman Willis, TUC general secretary, made it clear that in accepting the resolution on the women's department from the health union Cohse, the women's section would be an integral part of the overall equal rights department.

He called it a "very invocation of the system of a change in attitude.

Congress backed a composite in motion from the EETPU electricians' and Ucatt construction in the congress backed a composite in motion from the EETPU electricians' and Ucatt construction in the change in attitude.

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Congress b

He called it a "very important move forward" for the TUC, part of its determination to work at the task of organising, involving and building services for women within unions.

Ms Rose Lambie, from Cohse. said that though one-third of trade unionists were women, the unions had failed to achieve participation of women

Though Cohse accepted an amendment from the NUT teachers' union that the proposed women's department should not be staffed solely by women, Mrs Lambie stressed that such a department would have to feature a substantial eh's involvement.

Pointing but that all seven beads of TUC departments were men, she said there should be "ne attempt to exclude women from the male corridors of the

Mrs Dawn Cassell, from the CPSA civil servants, said the TUC General Council's patronis-ing attitude to women was backward, condescending and

Argung for the feer titalent to which of women, Ms Lynn Lloyd, of the film technicians' ACTT, said: "Women need a trade union to fight for them and you need members. You need subscriptions. What was once a moral necessity is how dire a moral decessity is now a mance contribution, or holiday pay allowance.

The field who chairs the two maners contribution, or holiday pay allowance.

For unions, it has spelled bad news in terms of membership and the degree of control they can exercise over the running of the industry. Ucatt's members a chance to become a force in the past two years following an the unions they join.

Building unions shift stance to accept self-employment

CONSTRUCTION UNIONS yesterday acknowledged publicly
that they had to accept the rise
of self-employment among
workers in the industry and
change their policies to accommodate it.

It was the first time that the

modate it.

It was the first time that the leaders unions traditionally opposed to any sanctioning of

repid and far-reaching changes in a sector of the labour market than that which has occurred

over the past decade in the con-struction industry. The relentless growth of self-employment has left both unions and employers' federations struggling to adjust.
Yesterday's vote in congress
was a significant move towards

a fresh policy of responding to the development rather than to the development rather than trying to ignore it behind declarations of total opposition. Unions have previously baulked at admitting so clearly that they cannot turn back the tide.

Inland Revenue estimates now put the number of construction workers who are self-employed at about 500,000, reministed in some 500,000.

tompared to some 500,000 directly employed. The total registered as self-employed has doubled since the "714 tax form" system was set up in

1975. The attraction of self-employment for both the construction worker and employer is plain: a 714 tax form enables the worker to charge expenses against carnings, and means that the employer does not have to pay a National Insurance contribution, or holiday

Key ruling

development. He said that unions did not choose which way labour was recruited, and attacks by the Government of local authority direct labour organizations. direct labour organisations were threatening even public sector central of construction employ-

ment methods. He was backed by Mr Paul Gallagher, EETPU president, workers who were self-employed who said that unions would for tax purposes had been found simply be making "futile in industrial tribunals to be gestures" if they refused to effectively directly employed.

a national officer of the manufacturing union Tass, who said were "utterly opposed to the principles of the trade union movement."

The motion was passed with opposition only from Tass after Mr Williams replied that

Working to be your own boss

John Gapper on is likely to spread to the same extent as in construction as a whole unless they react fast. They are now discussing attentions to the ECA's newly established labour agency for self-employed contract electricians. self employed

intensive recruitment campaign, from 330,000 in 1980.

Ucatt's official policy so far has been not to recruit any self-employed workers and to rely instead on resisting the growth in their numbers by trying to tighten joint industry agreement and supporting measures such as local authority contract compliance.

The strategy is about to be weakened further by the Local Government Bill's provision for the outlawing of contract compliance. Labour-controlled councils will no longer be allowed to insist that companies carrying out construction work on their behalf do not use selfemployed workers.

Ucatt was given another push last month when the EETPU electricians dropped a similar policy of fefusing to co-operate with the Electrical Contractors Association in its attempt to change joint indstry structures to take account of the — less pronounced — rise of self-employment in that sector.

OTHER LABOUR NEWS

Employed contract electricians. But the sector — in which there are estimated to be some 12,500 self-employed workers compared to 32,000 directly employed — is unual in that the employers' federation and the major union are in sgreement on trying to stop selfemployment spreading too

The Buliding Employers Con federation, representing 8,000 companies, now believes that the presumption against self-employment built into its 65year-old joint agreement with inions is butdated and on thions is outdated and no

the construction industry. It argues that because com-panies contracting work to self-employed workers must pay a 2 per tent training levy to the Construction Industry Training Board — against 1 per cent for a directly employed worker — little damage is being done to the industry's future.

Training may be the area in which Ucatt will move towards tacitly accepting self-employ-ment. The employer side of the CITE would like to see the self-employed brought within the scope of training grants for the employment in that sector.

first time under a pilot scheme
The EFTPU and the EGA for the farming out of apprenboth argue that self-employment tices to smaller companies.

Congress discovers the joys of the marketplace

Jimmy Burns on a profitable exchange of views

conference.
The only companies officially barred from particiating were those the TUC considered could cause "deep and widespread offence" — that is any with investments in South Africa of the control of the control

activity.
Campanies like Eurotunhel and British Nuclear Fuels, which are offensive to some unions but not others, have been allowed to exhibit along-

with a record of anti-union

flights to New York.

Quite apart from generating much needed revenue to the TUC has made £20,000 from leasing the stalls the exhibition has provided delegates with ready access to the kind of services they are under increasing pressure to use at they struggle to retain and recruit membership.

Few exhibitors are more convinced of this than Allied

Dut."

Ris company is already offering advice on Froud prensions to Geen, the white collar section of the National Union of Mineworkers, and civil servants unional it claims to have over 100 individual trade unionists as ellents.

ICL the computer manufacturer has already booked space ture has already booked space ture has already booked space.

The key thing is that the Tuger has already booked space ture of the control of the computer based information on politics and political trends—for Tass, the left-led white-collar union.

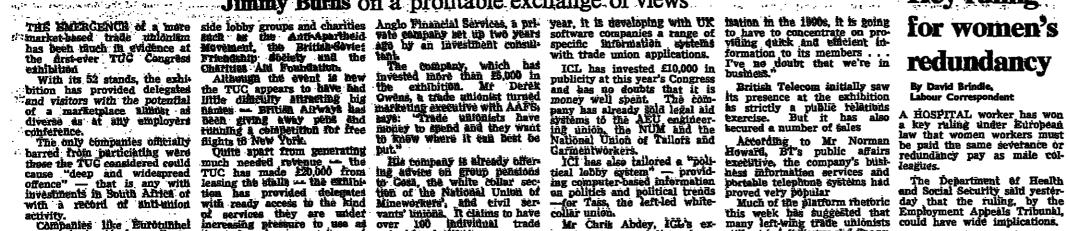
Mr Chris Abdey, ICL's exhibition representative, says:

"The key thing is that the Tuger has already booked space ture of the collar union.

Garmentworkers. ICI has also tailored a "poli-

According to Mr Norman Howard, BT's public affairs executive, the company's bisi-

excellitive, the company's blist-hest information services and portable telephone systems had proved very popular Much of the alatform thetoric this week has suggested that many left-wing trade uniforists still regard gadgetry and image-building with suspicion. But in the exhibition hall the sight are that a new art it deposition.



The ruling follows a judgment last year that women must not be compelled to retire at an earlier age than male colleagues. It is likely to add to pressure for introduction of a common state pension age. The EAT's decision this week was in the case of Ms Mary Cato a former domestic worker

at Queen Charlotte's Hospital, west Landon. who was made redundant last year when her job was privatised.

job was privatised.

Because Ms Cato was just two months short of her 60th birthday, and therefore retirement, she lost most of her redundancy emittement of \$5.941 for 18 years' service. Under National Health Service rules, she received only £990.

Backed by Cohse, the health workers' union, Ms Cato's claim for payment of her full entitlement was upheld by an industrial tribunal under the 1976 EC Directive on Equal Treatment. Treatment.

The DHSS backedm an appeal against this by the Hammer-emith and Queen Charlotte's Special Health Authority. But the EAT has gone even further than the triblinal and ruled in favour of a drost-appeal by Cobse that Ms Cato was unniged to contribute a voluntary Golise that Ms Cato was unlevy to field prost the TUC's fairly discriminated against financial assistance to South under Article 119 of the Treaty African under a grant opposing of Rome. fairly discriminated against

This use of the article, one of the first direct applications of EC law by UK courts, in effect brings severance terms under equal pay regulations. Cohse says the National

Health Service - and possibly öther employers — will be obliged to pay full severance terms to women unless they are over 64 and therefore of an age when male colleagues would also lose some entitlement.

The union believes the effect may be backdated for women who have lodged discrimination claims. Ms Judkh Carter. Conset equal opportunities officer, said: "We think this is a major victory for equal

Tory unionists rap proposed strike law

BY PHILIP BASSETT, LABOUR EDITOR

CONSERVATIVE TRADE legislative proposals outlined unionists are pressing the earlier this year in a green government to drop its new paper, and especially the tesabemployment law proposal which unions from Union Commissioner, it is unions to the proposal outlined union to the proposals outlined unionists of a special trade unions from the proposals outlined unionists are pressing the earlier this year in a green paper. disciplining members who go to work in even a legally-constituted strike.

The opposition to the pro-posal, the so-called "scab's charter," from the Conservative charter," from the Conservative Trade Unionists' biganisation—the Tory party's own trade thion arm, based in Conservative Central Office in London—will be highly embarrassing for Ministers, who claim their plans for new legislation are widely supported by moderate union members, if but by their more militant legislativis. more militant leaders.

CTU officials are to meet Mr Patrick Nicholls, junior employment minister, shortly to discuss their opposition to this and another key part of the Government's plans, which are expected to be disclosed fully in a bill to be published next month. Informal discussions between the CTU and Mr Nichells took place last night at the organisation's reception at the TUC Congress

The formal meeting will follow recent talks with Mr Norman Fowler, employment secretary, and the tabling of the CTU's criticisms in a sub-Mission to the Department of Employment.

Though the CTU has criticised While CTU welcomes much of has been so popular."

happy on two issues discipline and elections Discipline:

national committee over-whelming decided against the proposal to prevent unions disciplining members who cross picket lines and go to work in a strike, eve nif that strike has been fully and legally authorised by ballot.

The CTU believes that this is wholly inconsistent with the rigidly ballot-based democracy of the Government's previous employment law, and would be open to exploitation by mavericks.

mavericks.

It feels valid upon majority decisions ought to be accepted, with one CTU member saying:

"We den't see how you can be members of the club, and not accept the decision of the majority of the members."

Elections: The CTU feels, although with less force than on assipline, that the Government's proposal for many more union efficiels to be elected is irrelevant to the practical oper-

sinion dificiels to be elected is irrelevant to the practical operation of many unions. However the CTU accepts it is necessary for some, such as the NUM The CTU is urging the Government not to include the first of these proposals in the bill. Mr Alan Paul, CTU chairman said valuables. the Government before—especimal, said yesterday. "We are ally over its banning of trade toncerned that with the vast unities at GCEQ Cheltenham— it has never done so over any think that the legislation so its proposals for labour law far has been good. This could have an adverse effect on what While CTI welcomed much of has been so popular."

Air traffic engineers say pay dispute is hardening

BY HMMY BURNS, LABOUR STAFF

UNION LEADERS yesterday been "resolved." It also claimed said that a pay dispute involve the dispute had caused no ing air traffic control engineers flight delays this week. said that a pay dispute involving air traffic control engineers is hardening and could lead to delays in flights to and from the UK this weekend.

overfime work. But yesterday there were re-ports that on Wednesday a

However, it confirmed the predictions of union leaders that the situation could change The week-long national action

By the engineers, who oversee
crucial equipment such as compitters and radar equipment, on local and oversiging air
has focused on a withdrawal of
The CAA and union leaders
to meet in London on Monday in an attempt to find a peace

group of engineers at the main day in an attempt to ind a peace formula. The 1800 engineers further at West have threatened to consider all-brayton had threatened to walk out strike action after Septemout after management had bet 16 unless the CAA agrees asked them to fill in for one of their absence colleagues.

The Civil Aviation Authority yesterday said the problem has

THE

NORTH WEST

The Financial Times proposes to publish a Survey on the above on

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Airlines merger proposal backed 'to save jobs'

All emergency resolution on the kind of investment that is going to be needed."

Soing to be needed."

Soing to be needed."

A takeover should only be allowed on the understanding that the parchase would not be that the parchase would not be resold for five years, delegates risk if the merger was verteed.

They than industry backed a

CONGRESS backed a call of would create many cults jobs the Government to approve the in an expanding air market. "It planned merger of British Air is absurd to believe that small ways and British Caledonian airlines are going to produce the kind of investment that is An emergency resolution on going to be needed."

indistands of jobs wellid be at risk if the filerger was vetted.

Mr Bong Hoyle, the Labour wideranging motion on take with collar union, told delegates the idea of BCal as a "second ferce" was dead: Britain needed a strong, single main airline to compets with the US "mega carriers."

"Surely we are sot going to the filer of handing over BA to the Americans like a plump chicken waiting to be protected"; establish an treverse the ohits of pitoof that therefore would only be allowed if they could be shown to be in the bubble interest.

Mr Mark Young, general secretary of the Balpa dirline pilots, said a BA-BCal merger Mr Mark Young, general secretary of the Balpa dirline pilots, said a BA-BCal merger

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Norman Willis listens in-tently to a debate Approval for levy against apartheid

TRADE UNIONISTS are to be å Dahali eld.

A indition supporting a levy equivalent to one hour's pay was unahimously approved by Congress after one of the most emotionally charged debates of the work of the track of t the week. The levy is expected to boost the £50,000 the TUC recently set aside for relief and legal assistance to South African Unions.

Mr Garneld Davies, general secretary of the shopworkers union Usdaw, who recently led a delegation to South Africa, described the regime in that country as the "world's worst example of man's inhumanity to man."

Following the vote, delegates gave a lengthy standing ovation to a visiting delegation from South Africa of black trade

Not such an easy option

Richard Waters examines the background to a new system of motivating UK employees

CAN PROFIT-related pay schemes succeed in the UK, or will they raise expectations among employees beyond the ability of companies to deliver? The intention - that linking part of workers' pay to profits will motivate them - is fine in theory, but will it be hard to achieve?

As the time fast approaches when many companies must decide whether or not to intro-duce such a scheme - profit re-lated pay (PRP) was introduced in this year's second Finance Act and is an arrangement which allows up to £1,500 of an employee's pay each year, over and above usual allowances, to be free of income tax - two opposing views of their worth are

emerging.
One view has it that PRP will be a huge success. Already, 23,000 companies have expressed an interest in finding out more about it, says the In-land Revenue. (Only schemes recognised by the Revenue will qualify for the tax relief.)

The opposite view is that profit-linked pay will add to a com-pany's wage bill, and so will not be taken up by many. The pessi-mists also argue that companies are asking for information about PRP schemes only because they fear employees will push for them.

Every responsible employer has got to find out what it is all about, says Ken Schwarz, director of remuneration at management consultants Inducon. The real test will be the take-up.

The Inland Revenue last week produced guidance notes which should help employers to decide whether or not to intro-

duce a PRP scheme. At the same time, though, the Revenue says that it cannot guarantee to register a scheme in less than three months though it may be able to process applications in less than this time. Schemes must be registered before the start of the fi-nancial year to which they re-

late.
This means that companies with financial years ending on December 31 - a common year-end date - must register a profit-related pay scheme before the end of this month to be sure it will come into effect for 1988. Otherwise, the first period for which the scheme can operate will be 1989. This would not show through into employees pay packets until well into 1990, when profit for the year has been calculated and verified by

an independent accountant.

mal pay increase, whatever that is, and on top of that a PRP scheme. That is bound to lead to an increase in the salaries bill."

says Schwarz. The experts do not agree on the motivational benefits which could justify the extra costs of profit schemes. The effect can drawn widely to allow any unit

scheme, and how should the profit-related element of the pay be calculated?
The Revenue's rules

The Inland Revenue says that it cannot guarantee to register a scheme in less than three months

be measured when an individual's pay is linked directly to his or her output or some other measure of personal performance. But the weaker an employees in more than one only get the tax relief once. ployee's influence over profit, the less effective the scheme is

performance, such as operating profit, further weakens the link between performance and re-ward. It means that factors which are outside an individual

themselves operating moreeffi-ciently, but see profits de-cline. The manager who can ex-plain the fairness of this to ing the

employees is a rare animal. The problem stems from the Government's desire to marry two aims which are not always compatible. One is to reward employees on their perfor-mance. The other is to achieve the economically desirable goal

one only get the tax relief once).

Examples given in the Revenue's guidance notes include likely to be.

The decision to link profit-related pay to net profit rather than some other measure of all those involved with a particular than some other measure of all those involved with a particular than some other measure of all those involved with a particular than some other measure of all those involved with a particular than some other measure of all those involved with a particular than the second th

ular product, regardless of their function or location. ny's operations is acceptable, in fact - provided its performance

group of workers' control - such as the rate of depreciation charged on equipment, or exceptional write-offs incurred by the company as a whole - can likely to be the main limiting have an affect on their earnings.

Workers may therefore find schemes. For a start, employers themselves corrections are recognized as a country of the correction of the correction of the correction of the correction. will bear the extra cost of the

> The Revenue, while conced-ing that there will be start-up costs in designing and getting professional advice on schemes, claims that costs in future years

will be minimal. The profit and loss account rule also raises the question of how income and costs are to be allocated between different of providing a buffer, in the groups within a company. In efform of a reduced wage bill, for fect, it means that only those providings with falling profits. The units accounted for as profit outse latter means that profit-linked centres can have their own cess.

PRP is intended to be more than just another executive perk Linking the pay of employees directly to profitability is a political goal judged well worth the £50m it was originally expected to cost the Exchequer.

Cynics claim that it will not only be the Exchequer that loses out Employees will see PRP as a tax-efficient bonus-adding to wages, rather than replacing an existing slice of pay.

"People will expect their normal pay increase, whatever that is, and on top of that a PRP as a to follow the profits of the company as a whole.

Companies opting for PRP as chemes will therefore be committing themselves to a heavy communications burden if the company's structure is not one that matches the units, says be that profit and loss accounts for individual units or subsidiary companies, hitherto regarded as commercial secrets, will be made public for the first time.

Having made the decision to scheme the alternative being to adopt a scheme for the company as a whole.

T can see difficulties where the company's structure is not one that matches the units, says be that profit and loss accounts for individual units or subsidiary communics, hitherto regarded as commercial secrets, will be made public for the first time.

Having made the decision to scheme of the company as a whole.

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T can see difficulties where the company as a wh

set up a scheme, employers face produce the type of information two key questions: which work-required for a PRP scheme, he ers should be included in a says. says.
The profit and loss accounts must conform with Companies
Act requirements. The cost of
producing these figures and
having them audited should give companies pause for thought, particularly if schemes

are designed for small groups of The costs to partnerships, which are not required by law to produce accounts to the Companies Act requirements, will be greater than those to compa-nies. Setting up a PRP scheme will involve them in preparing two sets of accounts and undergoing an audit for the first time.

The second key question is: how should the profit-linked pay be calculated? Two meth-ods are allowed, both of which permit companies to set an up-per limit on distributions. This is expressed as a percentage of the previous year's profits. For instance, a "ceiling" of 150 per cent of last year's profit will prevent extra profits being distributed.

Also, a "floor" can be set. This prevents any payment at all if profits fall below a determined

The first of the two methods is based on a simple percentage of profits earned by the unit.

The second is based on a more complex calculation which enables companies to limit the effect of rises or falls in profits. Only a pre-arranged

in profits. Only a pre-arranged fraction of the rise or fall filters

traction of the rise of fall litters through to employees' pay packets. This is likely to be palatable to companies whose future profitability is uncertain.

Many companies will not need to mull over these issues. Those that already operate cash-based profit-sharing schemes are likely to lose little by turning them into recognised. by turning them into recognised PRP schemes. They virtually provide a guarantee from the outset that PRP will be a suc-

Domestic appliances

YOUNG TIMOTHY PARKER, going on 32, sounds ambivalent about his company's best-known product. He regards the Kenwood Chef, going on 40, as a useful elephant' and thinks it positively unsexy alongside the unand-coming generation of

positively unsexy alongside the up-and-coming generation of kitchen gadgets.

But he also recognises that were it not for this heavyweight helpmate, the Kenwood company would have lost far more ground in the small appliances market, and might well have been thrown out of the Thorn EMI stable along with the job lot of washers, cookers and other major appliances sold for a song to Electrolux earlier this year. year.
Were it not for the fact that

"Were it not for the fact that we have the Chef we would have had a tough time," he says. 'Fifty per cent of the profitability of the company still derives from this product.'

These profits, rare enough in an industry plagued by the slimmest of margins, and the fact that the Chef has kept the Kenwood flag flying in many overseas markets, are valuable props to Thorn's and Parker's belief that the business can be made to blossom.

It could take some time.

made to blossom.
It could take some time.
Parker, who gave up a job in
the Treasury (and a "paltry salary") to move into industry,
skipped briskly through two
other posts, in the US and at
Crypto Peerless in Birmingham,
before alighting at Kenwood a

before alighting at Kenwood a year ago.

"My resting time here could be longer. I don't like to leave until the building blocks are in place. I want to ensure we get solid expansion in what can be a seasonal, blippy market."

Stage one has been a rapid

Stage one has been a rapid but controlled extension of the Kenwood range. Modern multi-ple retailers who dominate the market tend to stock a brand only when it offers a full range of associated small appliances hence the appearance of Ken-wood irons, fryers, toasted sandwich makers and the like.

This diversification was un-der way before Parker was ap-pointed. However, the company had been slow to recognise the need for range extension, and its early efforts to catch up cre-ated something of a muddle -both on shop shelves and in the company.

Now it has an advanced products group on its R&D payroll briefed to think four or five years ahead, and re-educated in commercial realism.

"There had been a lot of spec-ulative R&D work," says Parker, jibbing at the self-indulgent sys-tem which spawned too many ideas that showed themselves to be unprofitable once they were too far down the development

that I got over a bottle of sake

The development of single cyrstal fabrication techniques

is an important step in the in-

cremental moves scientists are making to understand and har-

ness the new technology.

Researchers feel it is essential to have single crystals of the

walls are punctured, crystal boundaries effect the way elec-trical current moves from one

crystal to another.
This interferes with the elec-

trical transmission capability of the material: it can transmit

electricity with almost no resis-tance, but it cannot do so in

At the conferences, says Muir-head, "there was a lot of de-tailed information on how to grow these crystals. It is now

clear there are no major obsta-cles to growing large single crystals of several centimeters

great volume.

one evening."

For the present, Parker's at-

Mixing an export menu

Christopher Parkes on Kenwood's growth plans

Timothy Parker (right)and Kenwood's System K range (below) to be launched in time for Christmas. The new product - a series of cordless appliances each with its own wall-mounted charger

individually demonstrates Kenwood's new product philosophy. "It is an innovation and encapsulates a lot of the

which can be purchased

things we are trying to do," says Parker.





tention is tightly focused on the company itself. Lots of companies in our business are interested mainly in market share and big volumes," he says. "But the crucial thing is to build a cost structure that will give a very good profit in boom sales

years and sustain the business in leaner times. "We want to get our overheads down, build the range and get into a position where we can spend 10 per cent of sales on advertising and still make a prof-

Once this is achieved, Kenwood has a chance to become a properly international compa-

The signs are already present in new stylings from Kenneth Grange at Pentagram, which echo the sophisticated Euro-look of brands like Brann and Krups

Although 60 per cent of Kenwood sales are made overseas its strong presence in Scandina-

via and the old European Free Trade Area (Efta) reflects its rather aged marketing profile-Parker really wants a piece of the US market.

European-style small appliances have bridged the culture gap, and sell well there at a premium. But the high cost of launching a new consumer brand in the US is a formidable obstacle, as giants like Unilever can confirm.

obstacle, as giants like Uniever can confirm.

Earlier Kenwood forays failed, Parker believes, because the company had unrealistically high expectations of what could be achieved in a short time with a small budget.

His way is based on a five.

His way is based on a five-year strategy based on the skills and energies of entrepreneurs who know the market. We have found one or two guys who think they can make their fortune by marketing our products," he

says.
With premium products with real features to back their con-

real features to back their conviction, their approach will be to work hard at the department store chains.

"Get into Maceys and Bloomingdales will probably be interested, after that comes Wilbur B. Schmaltzer on the West Coast and all the other specialists..."

he says.

However, marketing and styling are only relatively small parts of the overall "product."

Kenwood's international competitiveness is the key, and, according to Parker, a real strength which it shares with a securing number of British man-

growing number of British man-ufacturing companies. Quite a lot of UK manufacturing is leanish and meanish," he says, having been prodded into action by European competitors and having woken up to the fact that it has advantages which can serve it well in internationai markets.

The exchange rate helps," he says. But there have also been very significant improvements in productivity - and not just in terms of capital equipment replacing people."
People are working more effi-

ciently, harder, and doing things differently. Overheads are leaner, and labour bills are greatly helped by relatively low social costs such as national insurance. Social costs in some European countries, for example, can add 50 to 60 per cent to basic salary bills, compared with 20 to 25 per cent in Britain. Even Hong Kong is losing some of its competitive edge in the la-bour market, Parker says.

Recognising these advantages, the company is increasing the number of products it makes in the UK, spending £5m, on plant and increasing its labour force. bour force.

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If Parker can get the Kenwood elephant moving again, it may prove difficult to stop.

TECHNOLOGY

Following looks at superconductor science at Oxford and Cambridge universities, Jane Rippeteau talks to Birmingham researchers

"I DON'T KNOW HOW I MANAGED

A PERIOD of consolidation is in store for scientists worldwide working on new superconductor technology, predicts Christo-pher Muirhead, lecturer at the Department of Physics of the University of Birmingham, and one of the UK top's researchers in this field.

Muirhead, just back from two key industry conferences in Ja-pan, says: There weren't the cries of 'Eureka!' that have been going on. The initial frenetic stage, when the totally new phe-nomenon was being described almost daily, is now flattening

The two August meetings were the 18th Low-Temperature Physics Conference in Kyoto and the International Super-conductivity Electronics Conference in Tokyo. Discoveries of varying impor-

tance have come thick and fast since so-called warm supercon-ductors' were discovered last year by scientists at an Interna-tional Business Machines re-search centre near Zurich.

Scientists elsewhere quickly confirmed the work and improved upon it: soon the world had a recipe for a metallic oxide that would transmit electricity without power loss far more efficiently than anything previously thought possible. The implications, particularly for the electronics and electri-

cal power industries, are tre-mendous and researchers and industrialists alike began talking about cheap power, fas-ter computers, trains levitating above their tracks, and other applications undreamed of today. Scientists scrambled to de-velop the technology - and pa-tent their findings. But the rush to be first has created a storm of questionable

reports, critics say. Several reports from the US and Japan, for instance, claimed finding the Holy Grail of superconductor research: materials working months, he says. at room temperature. But none To Mulrhead, the shakeout at room temperature. But none were confirmed independently. Such "sightings" are now known in the scientific commu-



Mixing sake with superconductors

uity as "USOs," for "unidentified superconducting objects." um or strontium, copper and ox-"People have been unable to reproduce other people's results, and in some cases can't reproduce their own," notes Muirhead. At Cambridge University's Cavendish Laboratory, other work plumbs draw-physiciet Vac Liang tens a Silver work plumbs draw-physiciet Vac Liang tens and the product of physicist Yao Liang taps a filing cabinet crammed with recently-published papers on the subject. Eighty per cent of this will be in the dust bin in six months, he says.

heraids a period of more fruit-ful research. Much work is fo-cused on finding recipes - most

costly or cumbersome cooling systems would be required.

Other work plumbs drawbacks to commercial use of the new materials: they are of a brittle form difficult to fabricate into useable shapes and they have a "current carrying capacity" far inferior to conventional superconductors.

Physicists such as Mnitheed

Physicists such as Muirhead feel the only way to unlock these riddles is to understand the basic structure of the com-

pounds. Scientists are not even sure yet why they work. Millions

one cook knows secrets to a suc-cessful souffle that another lacks, Muirhead gleaned details

sure yet why they work. Millions of dollars of research spending, to pay for people, materials and equipment, is expected to be spent on the problem.

In this regard, Muirhead brought back a gem from the Japanese conferences: just as

facts, muirnead gleaned details for cooking up single large crystals of his superconducting compounds that he had previously been unable to grow.

What I brought back, he says, was the really vital little tricks

crystals" of several centimeters in size.

To date, Muirhead's team at Birmingham has been able to build single crystals of less than one millimeter in size. He declines to specify what new techniques will help him improve on that. But he adds: "A lot of the really good science in the next several months is going to be done on these single crystals." Birmingham, a contender for the UK Science and Engineer-ing Research Council's planned

superconductors research cen-tres, has in place a research "consortium," headed by Colin Gough, senior lecturer in Phys-ics. This consortium co-ordinates work under way on superconductivity in seven university departments. Some are con-cerned with basic science, and others with applications.
According to Gough, seven of some 45 individuals involved so

far spend 100 per cent of their research time on the new tech-

A SQUID goes in search of submarines

MUCH OF this year's hoo-ha over new superconducting ma-terials has focused on a brave new world of cheap power, fas-ter computers, low-cost medical scanning and other applications that the new technology could make possible. To do these things, several major technical obstacles must be overcome.
However, some less ambitious applications may be possible

materials that perplexes re-

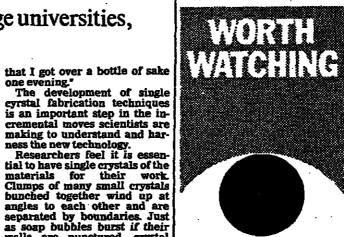
mingham, physicists have dem-onstrated a magnetic detection device, called a magnetometer, ooner. that does not require high cur-A key limitation of the new rent density. Colin Gough, senior lecturer in physics and co-

current" He says that several

searchers is that while they transmit electricity without power loss at convenient "warm" (though still sub-freezing to humans) temperatures, they can do that in current quantities far inferior to conventional super-conductors. But at the University of Birmingham, physicists have demcould be portable.

tions. But Gough sees a particuindustrial companies, one Japanese, have shown interest in the device.

Gough's magnetometer would be no more effective than simi-



Edited by Geoffrey Charlish

GM races for the sunny outback

GENERAL MOTORS' entry for the 1987 World Solar Chal-lenge on November 1 - in which solar-driven electric ve-hicles are to race 2,960 miles across Australia - will test a new GM electric motor which has achieved an efficiency of 92 per cent in tests. Couven-tional motor efficiencies are in the 75 to 85 per cent range. The basis of the motor is a better magnetic alloy called

Magnaquench. Its use in an 81b GM Delco motor results in a continuous mechanical output

continuous mechanical output of two borse power at 4,000 revolutions per minute.

The one-man GM vehicle, called Sunrayeer, will have a low streamlined shape based on an aluminium tubular structure and most of its body will be covered with solar cells. The cells will charge batteries from which the vehicle propulsion system will work.

Curtains for the lorry thief

CURTAIN-SIDED vehicles are increasingly popular in the haulage industry because they haulage industry because they are cheap and versatile. But they present a security risk due to the ease with which thieves can enter by simply cutting a hole in the plastic curtain. The total less from all road vehicles in the UK in 1986 was £80m, most of which involved freight.

To make illicit entry much more difficult, Cover Protection of Liverpool in the UK is offering a secondary, security curtain which is plastic-welded to the original and has little effect on the opening and clos-

effect on the opening and clos-ing action. The curtain has a grid pattern in nine-inch squares made from a continuous insulated length of fine wire braiding.

Any attempt to cut through

the curtain breaks the wire

activate an alarm. The company claims that the curtain can be opened or closed 0.5m times without fatigue-breakage of the braid.

the security curtain is also likely to find application in railway, barge and boat covers. The cost of fitting to a 24-foot vehicle is £800 to £1,000.

Soft option in estate designs

BUILDERS WHICH are developing housing estates can ben-efit from a £16,000 personal computer software package from Eclipse Associates of Mil-ton Reynes in the UK.

Eclipse already offers an estate modelling package and has recently agreed with Redland Construction Software (part of the Redland building (part of the Rediand building materials and services group) to incorporate Rediand's computer aided design software for house design.

The resulting new package, called Eclipse-Zeta 2000, will allow housing estate builders to deal with almost everything, from overall site survey data

from overall site survey data right through to individual house designs and their placing on the estate.

GEC gets range of US Abrams tank

GEC Avionics of Atlanta, Geo gla, a subsidiary of the UK's General Electric Company General Electric Company (GEC), is to develop a new type of laser rangefinder for the US Abrams tank. The company has won a \$10m development contract from General Dynam-ics, the prime US contracter for the tank.

for the tank.

The rangefinder system makes use of a carbon-dioxide laser producing infra-red signals that can indicate range to a target through fog, smoke and dust. The lasers will be produced at Borehamwood, in the UK, and the systems developed and made in the Atlanta plant. Initial production will amount to 60 systems and GEC hopes eventually to be making some 600 a year.

Finns probe into the flow of food

FINNISH COMPANY Hack-man-MKT of Vantaa has devel-oped a compact microproces-tor-controlled flow meter for the food processing industry. The measuring head, mount-ed in the flow line, uses two electrodes in the fluid and two magnetic coils on the outside. A suitably conductive flowing, liquid, passing through the

liquid, passing through the magnetic field, produces an electric current which is sensed by the probes.

The resulting voltage is pro-

DOES YOUR TRADING SYSTEM STOP IF YOUR COMPUTER FAILS?

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portional to average flow rate, while an associated electronic unit produces standard signals for control systems and for connection to a display.

With only two probes in the flow line, the device is hygenic

French IBMs given the power of speech

and easily cleaned.

ELAN Informatique, of FLAN Informatique, of France, is offering an expansion board and software disk for IBM personal computers and compatibles. This enables French speech to be synthesised from French text which can be typed in on the keyboard or fed from any source of basic computer character code (ASCII).

(ASCID. A likely application will be in telephone networks where appropriate responses to subscribers' queries can be compiled by a computer and turned into speech. Elan's first UK order for the system, which is called Televox, has come from British Telecom.

Powerful punch from Unisys' lightweight

Unisys' lightweight
Unisys, The big us computer company formed from Sperry and Barroughs, has coined the name Smallframe for a computer it is introducing in an effort to bring 'mainframe power, growth and functionality to the traditional minicomputer marketplace.'

Basically, Unisys has designed a 48-bit processor and fitted it into the space occupied by a normal 32-bit mini. The company is claiming superior performance in relation to price, and has maintained software compatability with the existing A-Series machines, while offering 115 times the processing power.

There are three desk-side models, all of which are designed to operate in a normal office environment. The cabinet measures only 18.5 x 29 x 29 inches and in most cases plugs straight into a mains wall socket.

CONTACTS: Unity: London office. 965
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FINANCIAL TIMES



A testing time lies ahead for Kadarism the unique blend of compromise and gradualism operated by

the country's veteran leader since 1956. Austerity and dripfeed reforms are now insufficient to meet the aspirations of intellectuals or remedy the country's growing economic problems, reports Leslie Collitt

Grasping the reform nettle

HUNGARY IS facing the most severe test yet of Kadarism,the mique blend of enlightened communism and economic re-forms, which is the hallmark of Mr Janos Kadar,the nation's

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leader for 31 years.

The essence of Kadarism compromise and gradualism is being challenged by an intellectual elite which is impatient for wider ranging political and economic liberalisation.

The many in the street of Russian in the street of R

The man in the streets of Budapest and other Hungarian cities however, remains largely apolitical and addicted to consumerism Ironically, he tends to blame the previous economic reforms for the high rate of in-flation and declining real in-

Last January, Hungary under-went a Little Bang introducing competitive, profit-oriented commercial banks. Although long overdue, it was no substi-tute for the basic reforms needed to restructure industry and place it on a competitive footing.

Monopolistic companies con-tinued to spew out goods which were saleable only on the do-mestic market or at best in Co-

tion of elected factory managers in 1985 has also done nothing to improve the quality of management. Company directors have been still largely selected on the basis of their links with the party and government and not fortheir managerial abilities. In Kadar's Hungarian Social-

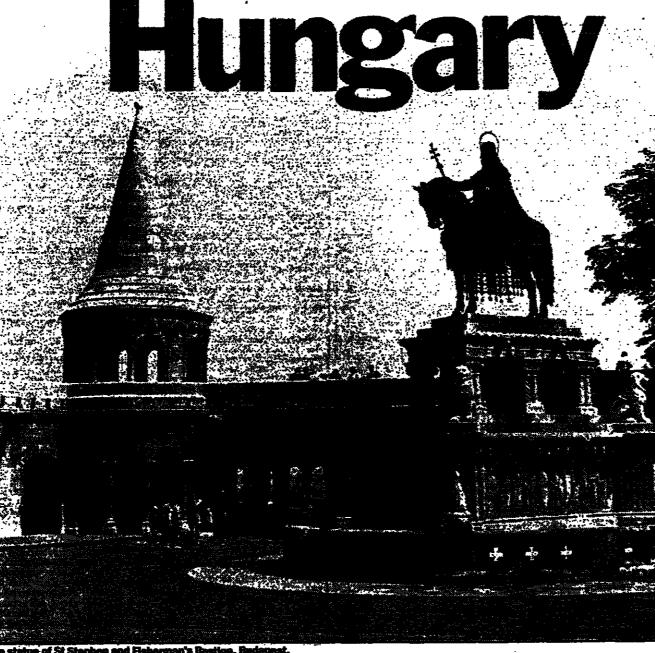
• The HSWP remains convinced that after the aborted 1956 uprising Hungarians understood that only gradual doses of reform were possible. (Senior party officials warn of the example of Poland in 1961 and 19 and 1961 when the Solidarity trade union pushed the Polish party into the corner with ever-wider demands for political liberalisation.) From experience, Mr Kadar knows that once the bottle labelled reforms is fully uncorked in a Communist country, the populations' pent up grievances will pour out until

ist Workers (Communist)Party, (HSWP)regards his method of eding reform measures.

to the populus as irreplaceable

the Communist party.

nothing remains - least of all the party. Neither Mr. Kadar nor his



The statue of St Stephen and Fi

journalists and writer

enthusiastic about them.To sweeten their acceptance, the

tise public life further and al-

the decision-making pro-cess. This is in the wake of last

election of company managers

and to allow citizens to chose

party says it wants to den

eventual successor, can wish to preside over the elimination of the HSWP. For this reason they reject the creation of a multi-party system which a good many Hungarians favour. Instead, the HSWP envisages an increasingly pluralistic society in Hungary but under the sole auspices of

sically linked with the first. No Soviet leadership can permit the weakening of Communist rule in Hungary or anywhere else in Eastern Europe. Un-doubtedly, Mr. Mikhail Gorbachev is far more sympathetic towards Hungary's economic re-forms than the late Mr. Leonid Brezhnev. But Mr. Gorbachev could not tolerate the party's from more than one party ap-forfeiture of economic and po-

litical control which is urged by 1985 elections.
many Hungarian economists, In its attempt to gain popular

m its attempt to gain popular support for the new austerity measures, the party has even taken to criticising neighbour-ing Romania openly, over the fate of the nearly 2m ethnic Hungarians in Romania who In a bid to check Hungary's economic reversals, the party has announced a new 'socio-economic programme ' of aussures and economic reforms which are to be adoptare allegedly subjected to mased this autumn. Understandasive discrimination. bly. Hungarians are less than

This however is no longer enough to assuage the Hungari-an leaderships domestic critics tive opposition which numbers only a few dozen members)

low citizens to 'participate' in They argue that the economic reforms begun in 1968 to reduce to increase company autonomy were designed to 'depoliticise the economy, while main-taining strict party control)

The critics note that the political changes since 1956 -the opening of the borders for travel to the West, increased legal ecurity for citizens and a freer flow of information - were never institutionalised . What is needed, they insist, is an institution to express the 'People's Will' instead of the parrow dia-

pest economic weekly, Oetlet, shows how advanced Hungary is politically compared with most of Eastern Europe. But the leadership is still extremely sensi-tive about calls for political CONTENTS

Politics: challenging the doctrine of gradualism Profile: Mr Karoly Grosz, Hungary's new Prime Minister Joint Ventures: more comme

Tourism: Budapest shows a zest take the plunge Foreign Trade: falling world agriculture prices hit export

Agriculture: diversification becomes essential for survival. 4

efficiency

eemings At local party meetings, mem-bers openly criticised the polit-bureau for not discussing the recent top personnel changes with them. Senior party func-tionaries though are determined not to allow a debate on grass-roots democratisation of the party's autocratic structure such as took place in Poland six

years ago. Nervousness, over pressure for radical reforms from within the party was also behind the recent ham-fisted attempt to close down the financial research institute, of the Ministry of Finance. It produced a pro-gramme, to liberalise Hungari-an economic and political life which was drafted by top economists and social scientists, many of them party members. Eventually though an amended version of the proposals was published in an economic journal over the objections of party

onservatives. The leaderships' latest package of ansterity and reform measures emerged only after a protacted debate within the Central Committee over the pace needed to overcome a deteriorating economy and to re-vive long dormant reforms. The main issue was how quickly to reduce debilitating company and consumer subsidies while lowering taxes on profitable firms reforming the archaic tax system and introducing wage differentials. The need to slash a spiralling budget deficit was less controversal.

Significantly, all these re-forms, although set out as goals since 1968 were never carried out because of fear of the repercussions. While the 1968 reforms radically altered agriculture and the retail sector they left industrial companies virtually untouched

"The word reform means nothing to company managers 'one Hungarian economics official remarked with characteristic frankness. What counts is whether they get orders from above or not. They do, frequently via senior HSWP officials in their region who actively lab. their region who actively lobby the Politbureau to intervene in

will instead of the narrow dialogue between the party leadership and its officials aimed at dustry, the party now admits, is calculating the people's interest and not representing them.

The fact that such views were companies with tax revenues from profitable ones is halted.

These subsidies are to be cut by up to 25 per cent annually while be sharply reduced. Although the loss-making companies are unlikely to be helped by Hungachange from within the party. Ty's new profit-oriented com-

mercial banks, it is feared that the Government may step in to rescue weak companies directly by classifying them as 'essential

changes introduced to try to foster

Several loss-making companies, for example, hint darkly that, without subsidies, they cannot produce the railway cars and machinery which are exported to the Soviet Union and other Comecon countries in return for vital energy and raw materials which in the absence of a convertible currency Hungary cannot buy in the West

Despite the much heralded 1986 law on bankruptcy, only three companies were actually liquidated in the first half of this year. The Hungarian Chamber of Commerce however fore-casts a sharp rise in bankruptcy proceedings, if not liquida-tions, when the Government begins to withdraw subsidies on a large scale.

The man in the street meanwhile is far more worried about the effect of the planned value added tax and the new personal income tax for wage earners, especially on income earned from second and third jobs.

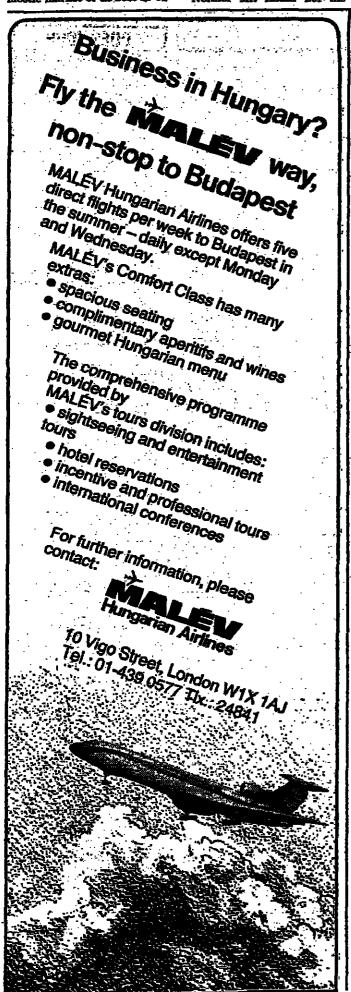
Wage earners see themselves at a particular disadvantage compared with private entre-preneurs who drive expensive Western cars and who, until now, manage to avoid paying more than nominal taxes. The Government however must be careful not to strangle the pri-vate initiative which has conty of the last 15 years.

Government statistics show come (GNP)minus services, comes from private tradesmen. household farm plots and small worker co-operatives which lease equipment from state companies, Other estimates say one third of national income is derived from the non-state sec-

Hungarian workers especially the 25 per cent on fixed incomes may easily be further embit-tered by the reforms next year when the consumer price index is set to rise by well over ten per cent (9.5 per cent this year) as a result of taxation and price in-

Some workers also face the prospect of temporary unem-ployment as companies ration-alise in response to reduced subsidies. Nearly half of the 4,000 workers from the Ozd steelworks who lost their jobs this year are being deployed elsewhere.But as a rule, labour is highly immobile.

Continued on page 4





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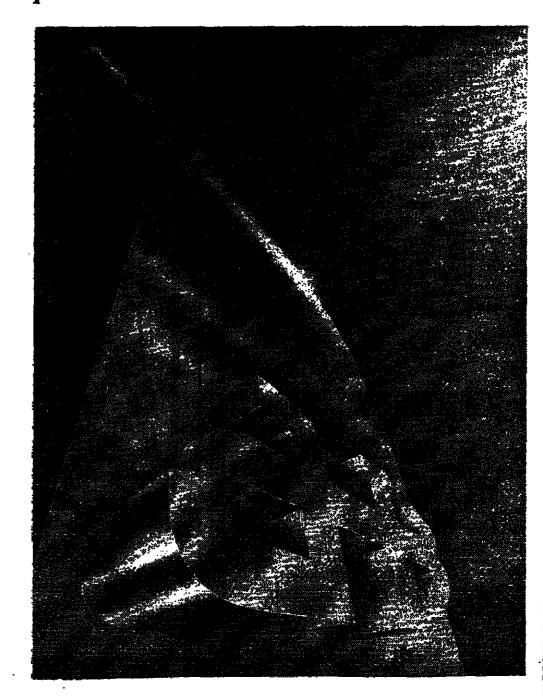
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Politics

Challenging the doctrine of gradualism

MR JANOS KADAR, Hungary's He is an artful politician who leader for thiry years, is facing clearly wants to succeed Mr Kahis toughest leadership test dar as general secretary of the since he assumed power in the dark days of November 1956.

It is one of the most bitter iro-nies of all that he now faces calls for many of the changes his predecessor, Mr Imre Nagy, tried to institute and died for. Influential sectors of the intelligensia and media are calling for widespread democratic re-

The changes sought are not superficial or cosmetic. Intelli-gent and brave men and women are seeking radical solutions to the country's economic crisis and they are coming up with so-cial democratic remedies which challenge the long established doctrine of gradualism associated with Mr Kadar.

There are calls for a free

side the day-to-day control of the Hungarian Socialist Workers' (Communist) Party: Section 1982 (Communist) Party: Section 198 the Hungarian Socialist Workers' (Communist) Party; greater to close the Ministry of Fiproperty rights; a re-evaluation names's Institute of Financial of the country's trading relationship with Comecon and greater integration with the industrialised West - to name but nomic and political reform.

ingly, these calls are being made from within the Communist Party. As one party member said: We have learned the lesson of Solidarity. That lesson sation outside the formal strucwas that no Communist Party will tolerate an institution outside itself which competes for political power. According to this view, the Party's Teading economy called "Change and role", or domination of political Reform it shocked the conserlife, is sacrosanct

The understanding of this has lead many would be dissenters This was partly due to the radlead many would be dissenters icalism of the treatise's recomto join the party. It is now probably one of the broadest churches in the Communist congregation (encompassing barely reconstructed Stalinists at one end and liberal social demo-crats at the other) and is a matter of no small pride to those in

its upper echelons.

The tensions this generates may well be acted out in this month's meeting of the Central Committee which is required to discuss the future of the party's "leading role" in Hungarian so-tieth content of the product of one or two bright contents. ing economic reform - a very pressing issue which Mr Karoly Grosz, the Prime Minister, is expected to address openly in this month's three day parliamenta-

Mr Grosz, 56, faces one of his party executives, feared and toughest political challenges to disliked most. date. He is a member of the Politburo, but as Prime Minister, he has public responsibility for the economy. It is a measure of tion by the inspection of a goats entrails) that no one is quite certain whether he was given the job to succeed or to fail.

In Budapest, few observers nomic crisis, are wholly confident that he has The journs the mettle to attack the job with

clearly wants to succeed Mr Ka-dar as general secretary of the Party. The hope amongst Hun-garian reformers is that Mr Grosz might decide that his best chance to secure the succession is by whole-heartedly embrac-ing a reform platform.

In the wings is Mr Janos Be-recz, 56, a member of the Politburo and a secretary of the cen-tral committee, who has no love for Mr Grosz (the antagonism is mutual) much less for economic and political reform. He is the central committee chairman of the party's agitation and propa-ganda committee, the man in charge of disseminating the party's line to the faithful for propagation amongst the un-

It was Mr Berecz who, earlier this year, intervened rather hamfistedly when the Writers' Union failed to elected a major-

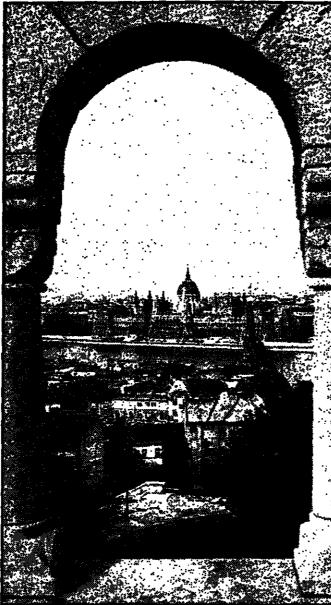
few. Although there are few signs
Intriguingly, but not surprisof a mass opposition to the Parngly, these calls are being ty, especially at an institutional level, the reform movement is well organised. When the Peovatives in the party.

mendations. Although the au-thors' analysis of the causes of Hungarian economic decline were widely understood, the so-lutions proposed were predi-cated upon the creation of a civ-il society, where the rule of law

month's meeting of the Central committee which is required to discuss the future of the party's and the fact that it was not just reign - much more than crude the product of one or two bright the consensus than ever, though, the conflict is the debates concerning the debates who occupy senior positions throughout Hungarian govern-ment, academia, and above all, the Party. It had the quality of a movement, and that is what Mr. Berecz, and other like-minded

In another recent display of independence from Party ortho-doxy, a group of 22 Hungarian Hungarian politics (the reading to withdraw from involvement of which is not unlike divinain the media. The 11 page Proposal for Media Reform argued that Hungarians were being fed false information concerning the depth of the country's eco-

The iournalists called for radical changes to the operation of the necessary vigour. Mr Grosz the media. These included free-is not noted for his reforming dom of the press, non-interfer-



actment of a civil law defining the limits of press freedom (that is, what constitutes state secrets) which would make the what life in the rest of Eastern Europe is like. But time has run out; the age of gradualism is over. The Hundred press answerable only to an elected Parliament.

The political strength of the "movement" remains to be tested. Perhaps this month's ation of politics in Hungary would necessarily lead to the conclusion that those with pow-er will try to get the most eco-nomic reform for the least loss or compromise of their political

ropean countries. People in macy? Hungary do not fear a knock at

the door anymore. compact is gradualism, of freedom is the objective corol-change slowly through time. In this, Mr Kadar was aided by an atrophied leadership in the Kremlin. "Remember 1956" was a convenient break on those who wanted to move faster than

acceptance of the hegemony of the Communist Party and a slavish adherence to the foreign the need for greater private policies of the Kremlin. And property rights, is persuasive. is not noted for his reforming dom of the press, non-interfer-grudgingly people were prezeal, but more for his ambition. ence by the Party, and the en-

garian economy is in a sham-bles and in need of urgent economic, and some would say, comprehensive political re-form Besides, the leadership in meeting of the central commit-tee will provide a clue or guid-ance, but any realistic appreci-makes it harder to play the Moscow "card".

That some form of economic reform is in train is in no doubt. The banking system has been changed to encourage greater efficiency in credit allocation, and a reformed taxation system

and mostly delivered, rising and without the Party, but it is a standards of living and a degree question of, above all else, powof personal liberty only er. If the Party is not everything dreamed of in the Eastern European countries Research

lungary do not fear a knock at he door anymore.

Another constituent of this conclude that greater political ful thinking here, but their view that the settlement of the coun-Mr Kadar, for whatever reason, try's economic ills requires was prepared to do. more autonomy in economic de-The price of this has been the cision-making, the creation of a

Simon Holberton

Leslie Collitt profiles Hungary's new PM

A rare personality

The new Prime Minister of Hungary, Mr. Karoly Grosz stands out as a rare and colourful personality among the grey ranks of East European politicians.

East European politicians.

The former printer and political officer in the post-war Hungarian army is a leading contender to succeed 75 year-old Mr Janos Kadar as Head of the Party. His record as Prime Minister however is likely to make ister, however, is likely to make or break his chances.

Mr Grosz at 57,has developed a steely determination during a party career in which he was twice 'exiled'by the leadership to the Provinces. Each time he returned to Budapest with his reputation as a doer enhanced. He will need toughness in order to slash subsidies to lossmaking firms and to implement the rest of the new reforms and austerity measures which are to be adopted this month As few other members of the Hungarian polit bureau he understands the corrosive relationship between the party's economics of-ficials and the managers of Hungary's leading companies. whether he can turn a deaf ear to lobbyists seeking favours for Hungary's inefficient companies will be crucial to the re-

As a former party secretary for Hungarian radio and tv in the 1960s, and head of the 'Agitation and Propaganda Depart-ment of the Central Committee in the late 1960s and 1970s, Mr. Grosz understands and is able to use the media to his own advantage. His main rival for the top party post, a 57 year old Mr. Janos Berecz, as the Central Committee Secretary for Infor-

litical and economic life.

But while Mr Berecz's public image is that if a rather dour ideologist Mr Grosz is animated and remarkable outspoken.On his recent return to Budapest, from his first trip as Prime Min-ister to Moscow, where he con-ferred with Mr. Mikhail Gor-bachev,Mr Grosz gave an unusual off the cuff interview to Hungarian tv on the results of

Mr Grosz is in fact the closest the insurgents hir Grosz is in fact the closest thing Eastern Europe has to a populist. He has been highly critical of the stagnating re-forms putting the blame fully on the leadership which of course included himself. But the criticism implied that Mr. Kadar was largely at fault, for failing to press forward with the re-forms. On Hungarian to last opinion had grown critical of the leadership because of de-clining living standards (which he as Prime Minister will now have to cut even further)and as a result of the weakness of the information the authorities were giving to the people. This was a direct body punch at Mr Berecz who is responsible for

information policy.
Underscoring the complexity
of the man Mr. Grosz added that in the present economic climate the voice of the opposition gains strength. This was nei-ther harmful nor hostile, he added, to the great surprise of many Hungarian interllectuals who regard both Mr. Grosz and

mation, is headmaster of the of-ficial media, He is also as un-bending as Mr Grosz about the Party's commanding role in po-ments which were 'instructive, worth using, and to which a gov-erning party must pay attention.

> Needless to say senior mem-bers of the leadership in Eastern Europe normally do not ut-ter such sympathetic sounding views about opposition. Neither do they admit, as Mr Grosz did last year, that he nearly left the Party after the 1956 uprising when he was wrongly accused by party officials of giving in to the insurgents.

> Despite such candour, knowl-edgeable Hungarian politicians claim the new Prime Minister is too demagogic to succed Mr Ka-dar At the same time, they also rule out Mr Berecz whom they call a 'firm ideologist' who is unable to get across his mes-sage to the public. Mr Grosz's dilemma is that, in

> the backing of the ruling Hun-garian politbureau and, equally important, Mr Gorbachev. Mr Kadar however has packed the politbureau with like-minded, elderly gradualists as well as younger men who owe their loyalty to him. Mr Berecz who was appointed to the Polit Bureau only last June can be counted upon to apply the breaks to any undue haste by Mr Grosz. As for



ferred to remain neutral. Mr Kadar's recent promotion of Mr. Grosz to the Prime Ministership and Mr. Berecz to the Politbureau is in the tradition of Government and party reshuffles which Mr. Kadar has order to succeed Mr Kadar, he will have to move faster on implementing the new reforms than Mr Kadar is likely to tolerate. But to do this he must have

successor to him.
Something however has changed in Hungary in recent months. Hungarian officials who favour greater urgency on the reforms refer to Mr Kadar as a weary old man who has run out of ideas and is now isolated in the White House, the central committee building overlooking the Danube Although Mr Ka dar's reputation among ordinary Hungarians remains intact, both his own party Mr. Gorbachev, thus far he has refrained from interfering in the political leaderships of his East European allies and pre-

Joint Ventures

More companies take the plunge

ern businesses that it will pull in large amounts of capital into joint ventures with Hungarian

companies. However, when Western com-and, uptil now, their growth has panies consider setting up a also been inhibited by the fact joint venture in Hungary - or that the Hungarian partners in

in Hungary are unable to sell the products or services they produce in Hungary to other Comecon countries. The situation is not likely to change until the Soviet rouble becomes convertible within Comecon and until realistic exchange rates are established between Comecon

In the meanwhile, they have to make do with the Hungarian market of 10.6m consumers. In the fifteen years since joint rentures have been legally feasible nearly 100 Western comsible nearly 100 Western companies have taken the plunge and joined forces with a Hungarian partner. More joint ventures however have been set up in the last 15 months than in the previous 15 years. This is the result of new legislation providsult of new legislation provid-

Another improvement for Western components.

Western companies is that the | One of only two joint venture

ECONOMICS OFFICIALS in Butered by Western companies
Mr Benedek Tallai, managing
dapest have a vision of Hungary are related to inadequate infrabecoming so attractive to Weststructure, in particular oversaid he had a turnover last year burdened telephone lines to the

> On the other hand joint ventures are a two-way business any joint venture have been highly taxed, an anomoly which

West German companies the most numerous partners in joint ventures, as belits Hunga ry's leading trading partner, followed by Austrian companies.

Among the West Germans are giants such as Siemans, BASF and Quelle but also smaller companies like Adidas and Schwarzkopf One of the biggest schwarzkopt. One of the biggest joint ventures is with Standard Elektrik Lorenz, the West German subsidiary of ITT, which joined up last year with Skala-Co op, Hungary's aggressive retailer and trading house, to form a company called Selection. sult of new legislation providing for a maximum corporate components to produce colour tax of 40 per cent of gross profits, and 20 per cent in the first five years, for joint ventures in certain key areas such as electronics, hotel construction, and packaging technology. A five year tax holiday is also offered to individual companies Hungary is particularly anxious to atyear tax holiday is also offered ern markets to the the Hun-to individual companies Hunga- coming years so that the Hun-ry is particularly anxious to at-hard currency on importing

licensing of a joint venture has with UK companies is Walton become a one step procedure Computers (whose parent comand gaining foreign trade rights pany is Walters International), has been greatly simplified set up in 1884 with Videoton The previous requirement that which holds 51 percent. The the Hungarian partner must joint venture produces matrix hold a majority in the joint firm printers and printheads and has also been eliminated. The has a working capital of Forints

Mr Benedek Tallai, managing of Forints 90m (three times the previous year), and profits of Forints 23m (Forints 500,000 in 1985). The company had a small surplus in hard currency, an important fact to the government as it shows it is not a drain on Western currencies. Walters re invested nearly all the earnings stead of buying in components from Hungarian firms, in order to reduce the firm's taxes to ze-

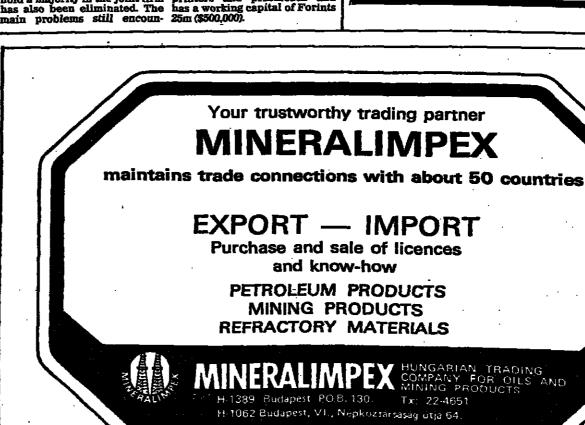
slow to form joint ventures in Hungary, largely because they take a shorter term view on profits than German and Austrian companies. From his experience though, the lifetime of Walters' products has been extended by being able to sell printers in Hungary which it could not have sold in the West. Mr Tallai however does not believe that Hungary will be able to attract a great deal more Western capital into joint ven-tures until such tie-ups become more attractive for Hungary's own companies; that is, until the proposed new fiscal reforms are actually introduced.

joint venture is Citibank-Budapest which has a working capi-tal of Forints 1bn, 80 per cent of bank. Foreign ownership can go up to 99 per cent. Earlier this year a joint venture was set up with the Japanese biotechnology company Kyowo Hakko and the trading house Toyo Menka which took a 20 per cent share back into the joint venture comin a joint venture factory to propany. Mr Tallai wants to start duce amino acids for animal manufacturing in Hungary, in- fodder. Another 15 per cent was taken by the International Fi-nance Company, the subsidiary of the World Bank and the remainder by Hajdusaj, the Hun-garian agricultural co operative. Their joint firm has been capitalised at \$18m but Hungarian sources say \$45m will even-tually be invested.

A breakthrough into Eastern Europe was achieved by McDonalds, the American fast food restauranteur, recently through an agreement with Hungary's most successful agricultural company, Babolna, which is to provide most of the raw materials. Under the joint venture 5 McDonalds 'eateries' are being opened in Budapest which, until now at least, has been the culinary capital of Eastern Europe.

Lesile Collitt







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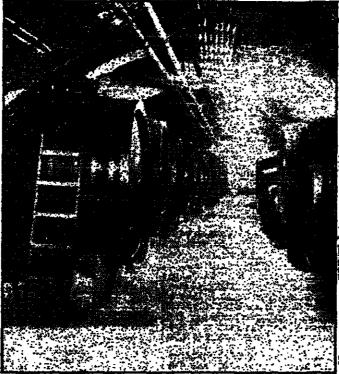
Foreign Trade

notion 2022 auto-

balance of trade in hard currency 1985

HUNGARY 3

in hard currency	m	inus \$465 million	minus \$1.4	billion
Hungary in 1986 trans in 1985 when it still sold remainder in transferat with China and Yugost	d meat to the	ne Soviet Union fo with other memb	erdollars) and the sers of Comecon	9
Hungar	y's ma	in trading	gpartner	S
	% of to 1976	tal imports 1986	% of total e 1976	oports 1986
Soviet Union West Germany East Germany	27.5 9.6 8.8	30.9 12.4 6.7	30.2 8.0 9.1	33.9 8.4 6.4
Austria. Czechoslovakia.	4.8 6.4	6.2 5.2	3.7 7.5	5.3 5.9
Poland Italy Yugoslavia	4.4 4.0 1.7	4.7 2.7 2.7	4.4 4.0 2.7	4.2 3.2 3.1
U.S.A. Switzerland &-	2.0	2.0	1.0	2.3 1.9
Liechtenstein Romania China	25 23 0.6	2.1 1.9	2.3 2.7 0.8	2.0
France U.K. Bulgaria	2.3 2.0 1.3	1.5 1.9 1.8 1.4	1.9 1.3 1.4	1.6 1.3 1.6
Netherlands Japan	1.6 1.2	1.4 1.5	1.1 0.2	1.1 0.5



ers at Eger (Egri Medoc Noir on right and Riesling and Buil's

Foreign trade

Falling farm prices lift deficit

msuagers are forced to compete for deterioration in Hungary's terms of contracts abroad, will exports show a marked improvement.

The statistics tell a dismal tale. Thus, 25.4 per cent of Hungary's Hungary's share in world exports of exports for hard currency last year.

Scotter Foreign tracks ministry and Hungarian control statistical office.

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doubt, played a role in the growing hard currency trade deficits since 1985. Falling world prices for agricultural products directly hit months of this year, imports in the first six. Hungarian food exports while to say how much of the gain in dried up. To make matters worse, the Soviet Union stopped paying for Hungarian meat with dollars interest credits and the competitive int doubt, played a role in the growing total export to them.

An 8 per cent devaluation of the the next few years. Hungary wants forint and more frequent devaluato substitute imports from Com-

Hungary's share in world exports of industrial products fell from nearly 1 per cent in 1960 to 0.4 per cent in 1985. The shares of Hungarian fuels and electric energy and only made industrial goods in Comecon's industrial imports declined from 7.6 per cent to 4.1 per cent in the early 1980s because of the growing uncompetitiveness of Hungarian goods.

"External factors" have, no doubt played a role in the growing total export to them.

HUNGARY IS facing up to the tions in the future are to make harsh reality that, only when indusery is radically restructured and Hungarian companies. But the because of the inflexibility of Companies to the west. Low

It had been hoped that giving more companies the right to conduct foreign trade would lead to more aggressive exporting. But in practice too many of the companies simply took existing exports away from each other without generating

The high import propensity of the Hungarian economy will be difficult to reduce as many export industries such as clothing and shoes are largely dependent upon imports from the West of everything from machinery to raw materials. Establishing industries to meet these requirements will involve investments in resources present. Its hopes are therefore pluned on joint ventures with Westenies which can supply capital and know-how.

Phasing out subsidies to ineffi-cient producers and letting prices reflect real costs are supposed to make Hungarian companies turn their attention to foreign markets. In the short term, however, industrial restructuring may produce a J-curve effect in which exports would fall before rising according to Mr Tibor Antalpeter, director general of the Ministry of Foreign exports with a low valueadded content would be eliminated, while new products, with a higher value-added content would not yet be produced.

Hungary's trade with Comecon. If satisfying domestic demand for railway cars, for example, were no cars. Talks with Opel in West Gerlonger exported to the Soviet Union then Hungary would not get the equivalent import which is obtained for railway cars. This peny in return for car deliveries.

year's \$440m but will not meet the target, which is to eliminate the for Hungarian instrument panels, deficit. A surplus is simed for next.

In an unusual three-lessed dec

One way of expanding exports to financially strapped developing countries and to boost needed imports from the West without hard currency is to increase compensation trade. At present it amounts to about 8 per cent of Hungary's hard currency foreign trade which is less than the average trade which is less than the average share of compensation business in East-West trade. Conflicts are inevitable because

of the pressures to export whatever can be exported in order to stem

products to sea to the west. Low price exports of textiles and clothing for example, are a considerable source of hard currency revenue but Hungary is engaged in cut-throat competition with the Third World in this lower end of the market. It would be more advan tageous to concentrate on using but also more difficult.

Nearly 40 per cent of Hungary's hard currency trade is conducted with the European Community so that Budapest has long been eager to reach a bilateral arrangement on trade and co-operation with the EC. Formal talks began with the Euro-pean Commission last June on what Hungary can offer the EC in return for greater access to the Community for its goods. As a result of restrictions on Hungarian agricultural exports to EC countries the share of agricultural produce in Hungary's deliveries to the EC has fallen from 58 per cent in 1973 to 28 per cent at present.

1.9 n worth of Hungarian goods last year, mainly agricultural and manufactured goods. It exported ECU 2.45bn in products to Hungary, mostly machinery, transport equipment and other manufactures. As the only Comecon country, spart from Bulgaria, which does not manufacture its own cars, Hungary should be a natural market for EC car-makers.

In fact, with hard currency very scarce, Hungary has a problem obtained for railway cars. This pany in return for car deliveries might well force Hungary to import the lacking product from the West lier this year. To plug the gap, and worsen its trade balance.

Hungary has arranged to import additional Ladas from the Soviet Union and mostly sixthed a content work. In the current year, Mr Antalpe- Union and recently signed a conter suggests the hard currency tract with Maruti of India under trade deficit will be less than last which the Maruti Suzuki car will be

> In an unusual three-legged deal last year, China ceded to Hungary 5,000 Polski Fists it had contracted for in Poland. China, whose trade with Hungary doubled last year, is seen as one of its most important seen as one of its most important potential markets. Last year, a \$25m contract was signed with the Chinese to supply 780 RABA heavy duty trucks. Under a trade agreement to 1990, Hungary is to deliver 5,000 trucks, 6,000 bus undercarriages, 850 long distance buses and parts worth SwFr 20m to China.

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Banking and finance

Big changes to foster efficiency

If he quotes the ancients it is for tional Monetary Fund and the guidance in the real world of World Bank. credit allocation. As he points out it was Lenin who said to all according to their work perfor- has been to foster great

If not, we will put them into re-the Hungarian economy. A number of other develop-

ry moved to modernise a bank- the econtragement of new indus-ing system which, for the past 40 trial development in the coun-years, had remained largely un-changed, elephantine, and inef-ficient. Credit for industry was thorities permitted the creation in the hands of the National of the Central European Inter-

nation were gathered by the Na- a domestic bank, and also en-tional Savings Bank and two couraged the formation of joint for the private housing market icit financing, markets which cial brief for the finance of new are still to swait liberalisation.) industries, such as the Techno-

effect on 1 January, split the commercial banking activities of the NBH and some of the industrial financing work of the SDB into five separate operating companies. In so doing, they were awarded to the various banking sector. This necessibanking sector. This necessibanking of this year, no preditotated the creation of three new ry competition was allowed. pest Bank - and the revamping and, in theory, jettison old ones of two other small banks founded in the 1950s - the Hungarian The biggest commercial bank

Company. about 50 per cent of Hungary's GDP - 60 per cent of the indus-

into gods," says Mr Sandor central bank it now acts as the Demian, 44, the outspoken bank of issue, the government's chairman and chief executive of fiscal agent, and the governthe Hungarian Credit Bank ment's agent in the application (HCB), the biggest of Hungary's of monetary policy. It is also the newly-created commercial bank which raises loans on the anks. international capital markets, Mr Demjan is more practical, and liaises with the Interna-

The rationale behind the changes to the banking system ciency in the allocation of cred-We lend money to those comit, and, by making the commertpanies which make money, he cal banks profit-responsive,
says. If we consider they have make them a significant agent good prospects for develop for structural change in the ment, that they are competitive Hungarian economy. It has also both at home and abroad, then been a significant step down the we will do business with them. road towards monetisation of

This is the new voice of Hunments which occured earlier garian banking and finance. Its than this can also be included expression has been made possible by a significant structural ing reform. These are the enchange to the country's banking couragement of foreign partici-system which came into effect pation in the Hungarian on I January this year.

In a one-shot hig bang, Hungation of specialised banks for ry moved to modernise a bank-the ecouragement of new indus-

Bank of Hungary (NBH) - an in-national Bank, which is 66 per stitution which performed this, cent foreign-owned. But this along with all of the functions bank was permitted only to con-associated with a central bank duct foreign business. It took and a number of specialised until last year for the authori-and, by comparison, tiny indus-ties to recognise the benefits of try banks. Longer-term finance greater participation in the do-for industry was also doled out by the State Development Bank (SDB).

The authorities allowed Citi-bank, in December 1985, to own (The household savings of the a majority stake (80 per cent) of

cooperative banks. These insti-tutions provide finance largely bank (founded in 1986 and 45 for the private housing market per cent foreign-owned), and and for central government def- the creation of banks with a spe-In essence, the changes an-va Industrial Development nounced last year, and put into Bank (founded in 1986).

tated the creation of three new ry competition was allowed. banks - HCB, the Commercial Since July, the banks have been and Credit Bank, and the Buda- able to compete for customers,

Foreign Trade Bank and the by far is the HCB. Its client list General Banking and Trust of 2,200 customers accounts for

cent of trade, transport and services. The other four banks have the rest of the market, and some have special functions, such as the Budapest Bank which has the prime responsibility for the operation of the bond market.

Hungarian bankers speak the language of unrecon-structed capitalists, and the authorities, specifically the Communist Party, seem to have given them the freedom to act on their instincts. One of the first decisions of Mr Demjan at HCB was close down a state run construction company in the city of Veszprem.

The company conerned had had its capital replenished in three of the first six years of this decade. We felt it was better to lose some money now than lose a lot more in the future," Mr Demjan said. "Our policy is to get rid of the loss-making companies, and let them go bankrupt, and use of capital for

more efficient companies.

There were many polemics and discussions, but the law left it to us to decide. We didn't talk to the central committee of the Party, our board of directors de-

Politicians supported us they had passed the law - and the Ministry of Finance understood our position. In bureau-cratic places we were fought, and the trade unions com-plained, but the decision was taken."

But while bankers in Budapest have clear ideas about as-set management, on the liabilities side of the balance sheet the situation is a little more antiquated. The NBH operates a refinancing facility for banks on and attempts to control the growth in credit by placing restictions on the banks' access to this facility.

Money markets are in their in-fancy. At present there are fledgling inter-bank and intercompany markets, but they have barely developed. When Citibank commenced operations in early 1986 there were no interest bearing deposits shorter than six months.

One of the things it has taught Hungarian companies and other banks is the time value of money. "We introduced a new product to the market," says Mr Anthony Fekete, the bank's cor-porate banking head, with a laugh, "the three month interest bearing deposit.

According to Mr Fekete, companies and banks are now dis-

FOR TOO LONG people have two-tier banking system, with trial sector, 30 per cent of the covering that they can provide wanted to make Marx and Lenin the NBH assuming the role of a agroindustry sector, and 40 per short-term loans to others and agroindustry sector, and 40 per short-term loans to others and each other instead of depositing their surplus cash in non-interest bearing accounts. But there is a long way to go before the Hungarian banking system takes on much resemblance to

its counterparts in the West. Old habits also die hard, espe cially when there a few insti-tional constraints. According to Hungarian economists and Western diplomats, ties to the Party are still important in the tion. A company peopled by se-nior executives with good political credentials will always be able to gain access to subsidied finance; while a bank with the same credentials will also be able to use its refinancing facil-

ity with the NBH.
Also finance is still very much tied to national aims. Predominant amongst these is the need to increase hard currency earning exports to the West. Echoing most senior executives in hank. ing, Mr G I Pazmandi, the managing director of Technova, says: "naturally, companies which can export their production will be given preference; that is natural under the cir-cumstances."

But the effects of competition between banks are beginning to percolate through the system. Companies have begun to shop around to see what financial services the banks now offer, and some enterprising banks, such as Unicbank, have begun to hold seminars in Budapest for companies to show them

their wares.
The introduction of foreign banks has begun to have an influence - aside from Citibank's influence in the market place, Unichank's Austrian sharehold er, Gennossenschaftliche Zen-tralbank AG, processes the by giving it a sophisticated data processing capability - and the Hungarian banks are looking to place some staff abroad for training in the ways of Western banking.

Foreign bankers and diplomats believe there is a lot of pent-up talent waiting to be let loose in the Hungarian financial community. At present it is being held back by formal and informal institutional re-straints, the breaking down of which would require the NBH to achieve true institutional independence and being to be-have like a real central bank, and for preferential treatment on the basis of Party connec-

Simon Holberton



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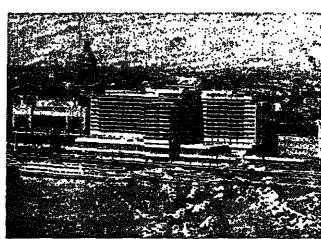
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Tourism

Budapest shows a zest for living

EVEN THOUGH Hungary is being inundated by tourists from East and West, it has the capacity to absorb them without suffering irreparable damage. Hungary has always been a Central (not East) European crossroads and is used to foreign visitors. This is especially true of Budapest and nearby Lake Balaton where most tourists congregate.

Although they have a remuta-

Although they have a reputa-tion of being a proud people, Hungarians are extremely adaptable and keen to please. The standard of service in Hungarian hotels and Hungarian hotels and restaurants—despite years of Socialist neglect—is well above that in most East European countries and is often superior to that in the West

Whether one stays at the de luxe Forum or Hilton hotels or the four-star Royal in Budapest, the staff is efficient and cour-teous. Similarly, in-flight ser-vice is excellent on Hungary's national airline, Maley, which flies only costly-to-operate Soviet aircraft. Instead of the bland food handed out by most airlines on inner-European routes, Malev manages to pro-duce top quality cold dishes on

even short hops.

Most first-time visitors to Budapest are taken aback by its sheer urbanity and its inhabi-tants' flair for life. The city's monumental buildings are a tribute to an era not so long ago when Hungary stretched from Poland to the Adriatic Sea. The capital retains a cosmopolitan feel which is heightened by the contrast with nearby stodgy

This has a lot to do with the stylishness and trendiness of Budapesters which resembles that of the Italians. Women in Budapest may not have much to spend on their clothes but they and, after deducting expenses look more chic than some of and hard currency spent by look more chic than some of and hard currency spent by their Western sisters with many Hungarians in the West, \$200m

their Western sisters with their Western sisters with times the clothing budget.

In much the same way, cent of all hard current with the same way.

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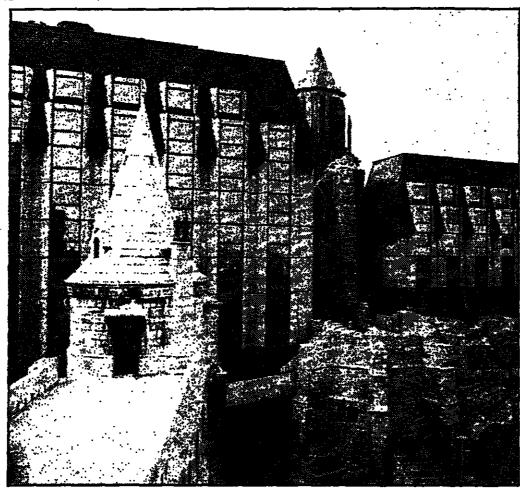
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Compared to the same way, cent of all hard current way. phere, that visitors come to the city. The best times are in the Relax under the awning of the



pest Hilton - the standard of service in Hungarian hotels and restar that in most East European countries and is often superior to that in the West

was left. This represented 8 per sing facilities.

It is small wonder that Huncity. The best times are in the gary—with few other growth early spring or autumn, when sectors—is eager to expand the tourist tide has receded. tourist facilities. But it needs Dunacorso restaurant overlook- investments or joint venturesing the Danube and Budapest to expand hotel capacity from will parade before you.

Hungary expects to receive Budapest) to its target of 70,000 inmore than 5m visitors from the A previous Austrian loan of West this year after 4.1m last \$300m was used to build the

year. The hard currency income immensely profitable Forum from tourism was \$364m in 1966 Hotel, Budapest's new airport and, after deducting expenses (unfortunately only Maley uses and hard currency spent by it), a Congress Hall in Budapest Hungarians in the West, \$200m and to modernise border cros-

A joint venture with Danish and Austrian companies has built a resort village on the picturesque Tihany peninsula which is regarded as a model for the type of facilities the Hunga-rians want to expand. Another joint venture between Hun-gary's largest tour bus operator, Volanbusz, and Blaguss, an Austrian bus company, is to bring tourists from the West to reconstructed castles and ther-Western capital-either direct mal baths for which Hungary is

shop in border towns such as annually if they pay through a Sopron. Here they frequent the beauty parlours, dentists and eye doctors which are dirt the West In the latter case they cheap by Western standards.

However, the 742,000 West Germans who visited Hungary last year spent three times the number of nights as the Austrians. In the first half of this year, one-third more West ledi said he could not imagine Germans poured into Hungary. The Government cutting back on Now both countries are seeking the availability of hard to achieve visa-free travel for currency for travel. The free-each other's cifizens, such as between Hungary and Austria.

A good many Germans, and some Austrians as well as ethnic Hungarians visiting their Leske Colitit ethnic Hungarians visiting their

native country, stay with rela-tives and friends in Hungary Unlike other East European countries, Hungary does not require Westerners to exchange a fixed sum of hard currency per day into local forints. The Hungarian authorities correctly believe that such compulsory exchanges are bureaucratic and

thus annoying to Westerners.
Hungary plans greatly to
expand accommodation in pensions and homes—of which twothirds are private—as well as
camping sites. Private initiative
in this sector is of prime importin this sector is of prime import-ance, according to Mr Czegledi. It is also difficult to control and the authorities suspect that a great deal of the hard currency which Western guests pay for private rooms is neither taxed nor enters the Government's

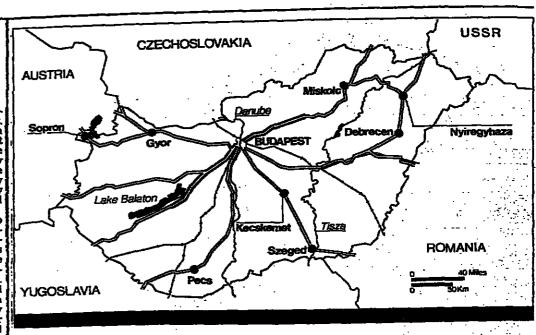
coffers.

Most of the tourists entering Hungary are from Eastern Europe, three quarters of them Poles and Czechoslovaks. Many of the latter, however, are ethnic Hungarians from Slovakia as well as other shoppers

who ignore commercial accommodation. Poles are the accommodation. Poles are the biggest group from the East and have been getting a rough time of it from Hungarian customs. They have been charged a fee in hard currency for the goods which many Poles bring into

Hungary in order to sell. The 13m East Germans who will visit Hungary this year are also able to afford little more than a camp site. Many live with Hungarian friends who, in return, stay with the East Ger-

mans when on holiday. Of the 6.2m Hungarians who travelled abroad last year—60 per cent of the population—900,000 went to the West Hungarians are entitled to purchase largest single group of Western rians are entitled to purchase visitors, 24m last year, of which \$350 every three years for a trip 1.7m were day trippers who to the West but can also travel shop in border towns such as annually if they pay through a



The nettles of reform

Continued from page 1

After decades of prevarication, Hungarian officials appear set on industrial restructuring and the introduction of all important wage differentials over the next few years. The principle of a guaranteed wage for every worker regardless of productivity led to a situation best summed up by an Hungarian joke; On a visit to a factory Mr

Kadar asked at the front gate how many people worked in the plant 'About half of them' came to reply. The pattern of Hungary's vital exports to the West reflected the low competitiveness of its manufactured goods. Raw mate-

rials, fuels and semi-finished goods dominated sales to Western countries in 1986 and this year. The drive to attract West-ern capital into investmentstarved Hungarian industry by promoting joint ventures with 'some success over the past year still regard Hungary as a place to unload low technology or utilise cheap labour.

Hard currency income from tourism was one of the few bright spots in the economy over the past two years but could not make up for the wors-ening terms of trade. Important agricultural sales to the EEC, Hungary's main Western mar-ket, stagnated in 1986 and did little better this year. The big-

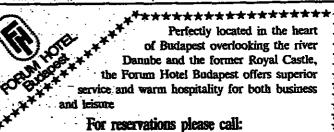
gest dilemma however is that even if Mr Kadar and the new Prime Minister Mr. Karoly Grosz, are determined to carry out the reforms with the great-

economic health leaves them little room for manouvre The nation's depressing balance of payments shortfall in 1986 of \$1.4bn may prove difficult to redress substantially in the near future. Meanwhile, Hungary's net hard currency debt rose inexcerably to more than \$9bn in the first half of the year. The austerity programme though stipulates a 'gradual stop 'in the external debt rise, whose servicing now costs 75

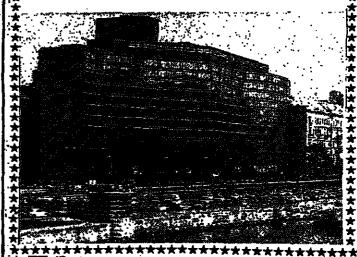
est urgency Hungary's anaemic

rency exports. This however would mean continuing to export goods at any price, while curbing vital imports needed to restructure Hungarian indus-

agreed that the greatest danger to the reforms could be the very centralism of the Government's approach which may become unavoidable to deal with the faltering economy -in short a slide-back to the centrally-administered economy which the 1968 reforms set out to replace with one based upon indepen-dent, market-oriented compa-



within London: 741 9000. outside London: 0345 581 444 or contact the Forum Hotel Budapest directly: V., Apáczai Csere J.u. 12-14. Phone: 36-1/178-088, Telex: 22-4178, Fax: 361/179-808



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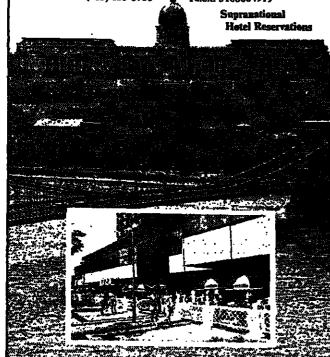
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AT THE LARGE combine farm markets clearly in mind. As Mr "We've lost most on the world decline by about 6 per cent this of Kornyei, near Gyor in Moszar points out, there was no market, says Dr Imre Fekete, a year, north-west Hungary, farm ad-way Kornyei would have re-counsellor to the Minister of Ag-This gloomy prospect is also ministrators are looking to diversify beyond traditional farm produce to survive and earn much needed hard currency.
The diversification planned is
hardly the most glamorous in only going to be used to satisfy domestic demand. Also both projects fit in the with Government's strategy of

pete internationally in the supply of specialised feed stocks. Kornyei has grown rabbits since 1971. The fur is processed using West German equipment bought fifteen years ago from a nearby State farm which went bankrupt, and until now its fur has been exported, primarily to Japan, to be used in the manu-lacturer of hats. The far amounts to only 15 per cent of the value of a hat, so, in the words of Mr Istvan Moszar, one

wants more of the profit. The farm has also been a net-internal exporter of feed stock. It plans to invest 300m forints (about \$6.2m) in new equipment to boost production, mostly for export markets. Domestic banks provide two-thirds of the capital and the farm one third. Three West European companies are tendering for the con-

"What is expected of us in the current five-year plan is that we make money, and that's what's important. If we don't then it is bankruptcy," says Mr Moszar.
"But it is not easy to be competitive and profitable in the market, many other state farms and co-operatives are active in it." Both attempts at diversifica- World bodes tion are planned with Western an economy.

ceived permission to buy the foreign machinery necessary for the two projects if they were

changing the profile of Hungary's exports away from unpro-cessed raw materials to exports of higher finish and value ad-ded, Agricultural trade accounts for about 25 per cent of Hungary's hard currency earnings in any one year, and that position has to maintained at least, and at best improved. The country needs foreign currency like a thirsty man water.

Agriculture is one of the success stories of Hungary. It was the first sector of the economy to feel the winds of liberalisation associated with the largely benign rule of Mr Janos Kadar, the general secretary of the Hungarian Socialist. Hungarian Socialist Workers' (Communist) Party. The liberalisation, which includes the encouragement of private land ownership and cultivation, had made Hungary one of Europe's most efficient agricultural pro-

ducers. But the problem for Hungary is that it is an efficient agricul-ture producer in an age when efficiency has become irrelevant. Record agricultural surpluses in the EC, the US, Canada and Australia, mean that the outlook for commodities such as meat and grain is very poor. The prospect of aggressive sales from EC stockpiles of meat, grain, butter, cheese and wine to the Soviet Union or the Third World bodes ill for the Hungari-

over 200 🗍

riculture, "and this is mainly clouded by successive poor due to the EC." Hungary is also years for the agricultural econ-fighting for market share at a omy. Due to unfavourable

tonne in 1980, compared with \$1312 a tonne in 1985), and poultry (\$1,212 a tonne in 1980, compared with \$797 in 1985).

Hungary faces other problems. Not only are the markets of Western Europe and the US while drought in summer, com-closing to outside producers, pounded by hail, badly affected closing to outside producers, pounded by hail, badly affected thereby putting a structural wheat, maize, beets and grape break on growth and revenue. production. The country's prebut the Hungary's other mar-kets, principally, but not exclu-sively, those in North Africa and the Middle East which are aligned to Moscow, are becom-ing less reliable.

From 1980 until 1984 hard currency export earnings from the developing countries nearly doubled from \$134.1m to \$212.9m. But in 1986, export earnings were below 1980 levels at \$115.7m. There is demand in these countries for our goods. these countries for our goods. says Dr Fekete, but they can't

pay." So, like many export-dependant agricultural producing countries, Hungary is producing more and earning less. Last year its hard currency agricultural terms of trade fell 11 per cent, and this year does not look encouraging. The terms of trade for Hungary's total hard currency trade weakened by 7 per cent last year and are forecasts to

omy. Due to unfavourable time when prices have come under heavy downward pressure.

According to official figures, tural economy failed to achieve According to official figures, Hungary was selling pork for \$1,186 a tonne in 1980, while in 1985 the price had fallen to \$647 a tonne. The same it true for beef (\$1,341 in 1980 compared with \$707 in 1985), lamb (\$1,712 a certainly, this year's output is

Certainly, this year's output is more than likely to bear out that pessimistic prediction. An unusually severe winter was re-sponsible for poor winter cere-als crops, spring frosts caused widespread damage to fruit, mier wine producing district of Tokaj had 80 per cent of its vines damaged - 20 per cent so badly that they will have to be cut out - and it will be years before the area returns to recent

production levels. year's weather-associated ca-lamities can only be expected to exacerbate the already parlous state of the farm economy.

But, the authorities hope that the new strategy of encouraging the development of agro-indus-try, like those at Kornyie, which has a higher level of value ad-ded will help amellorate the current structural weaknesses in its agricultural trade.

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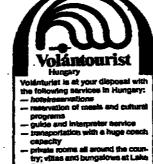
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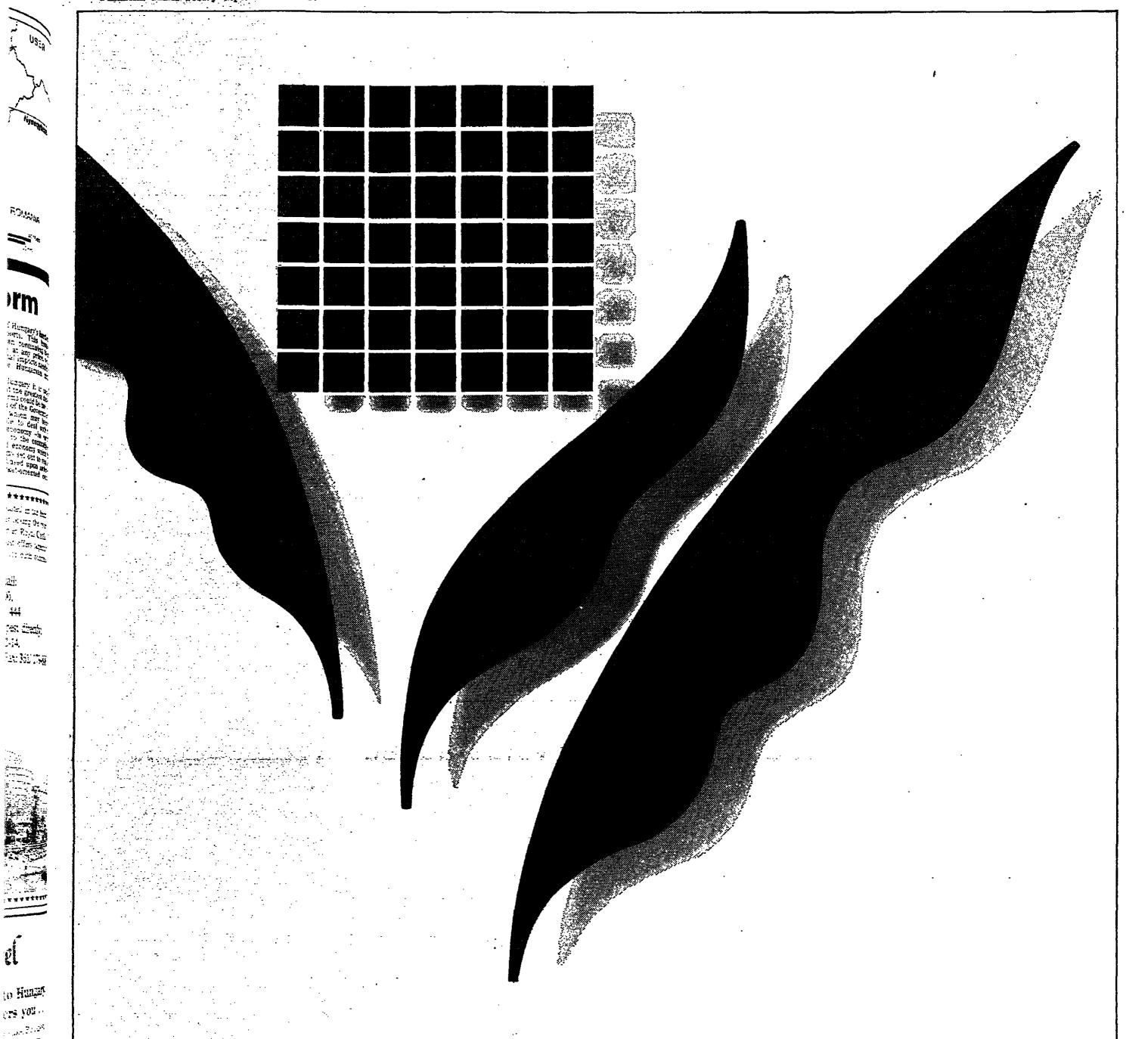
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Ideas bring growth to finance.

The birth of Ferruzzi Agricola Finanziaria.

In October 1985 Gruppo Ferruzzi set out its plans to create one of the biggest agro-industrial groups in the world, to extend its activities intonew sectors and to expand into new continents. In less than two years Gruppo Ferruzzi has become the largest agro-industrial group in Europe and the third largest in the world. Furthermore it is the second private-sector industrial conglomerate in Italy with an aggregate turnover of over 18 billion dollars. The Group's idea to use agricultural products for industrial and energy uses, and its related programme for environmental protection is a focal point of international debate. The driving force behind this extraordinary expansion has been Agricola Finanziaria, the Group's holding company. Its success on the financial market has allowed it to make large-scale investments such as the acquisition of CPC Europe, leader in the starch sector, the acquisition of a controlling interest in Montedison and Beghin-Say, and the restructuring of the sugar sector which makes the Group Europe's leading sugar producer. The market capitalization of the Agricola Finanziaria group amounts to about 20 billion dollars.

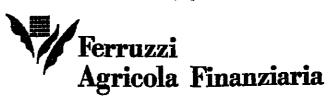
And now it is time for it to grow even more. Agricola Finanziaria is increasingly identified with Gruppo Ferruzzi and so Ferruzzi Agricola Finanziaria has been born.

All the activities of the Group will converge in the new holding company so that in due course Ferruzzi Agricola Finanziaria and Gruppo Ferruzzi will form a single entity. Its theatre of operations is increasingly worldwide.

Ferruzzi Agricola Finanziaria will span five continents.

Its widely diversified activities follow a single vertical structure from agriculture to services, from trading to agro-industry, from chemicals to the advanced services sector and finally to numerous industrial and financial shareholdings. Ferruzzi Agricola Finanziaria will be quoted on all the main European Stock Exchanges including London and Paris. This will lead to a broad national and international shareholder base in line with the Group's importance. The cycle is in constant movement: two years ago ideas brought growth to finance. Today

Finance is bringing growth to ideas.





Exhibitions

LONDON

The Tate Gallery. Turner in the new the Tate Gallery. Turner in the new Clore Gallery. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissenting energine it came into the nasion ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show would have approved of James Stir ling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more osiow for one who lives in a more es-tentations age, and the tasteful oat-meal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paint-ings and one for watercolours give serve galleries upstairs, every paintloan is on the wall.

erie: Documenta 8 World exhibition

sculptures, theatre perform architecture and design. The Docu-ments was founded in 1955 by local painter Arnold Bode with Henry Moore, Alexander Calder, Max Ernst and Joan Miro and is an im portant venue for modern art. This year director Manfred Schnecken burger presents the works of 150 artists, and for the first time open in Kassel's city centre. Artists exhibiting include Ian Hamilton Finlay, Javier Mariscal, Robert Morris, Mark Tansey, Alexander Melamid, Longo and Joseph Benys. There is also a separate exhibition The Ideal Museum where 12 architects present their ideas for Museum con-

ent their neas for Museum con-struction. Ends Sept 20. Hildesheim, Roemer- und Pelizaeus-Museum, Am Steine 1-2. Egypt's rise to a World Power: More than 300 pieces loaned by 20 museums in Europe, Africa and America – the first presentation of the most impor-tant 150 years 1550-1400 BC of the New Empire in Egypt. The bust of Pharaoh Thutmosis III, discovered in 1907 without a fare, can be seen complete in Hildesheim. The face, found in Egypt only 20 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3000 year old burial chamber of Sennefer, the former mayor of antique Thebes. Clothes, household appliances, tools, cosmetics and je-wellery illustrate the everyday life of Egyptian citizens. Ends Nov 29.

Venice: Ala Napoleonica and Museo Correr: Matisse and Italy: over 250 works by one of most poetic of 20th century French Painters. The exhi-bition includes paintings, drawings, and Matisse's entire output of sculp-ture (75 pieces in all), lent by private and public collections in France and America, and the Musée Matisse in Nice. Pierre Schneider, the organizer, has attempted to show how the works of Italian painters such as Mantegna, Pollaiolo, Giorgione and

Veronese may have influenced Matisse. Until October 18. Rome: Palazzo Braschi: Painter-Photo-

term Painter-Photographer was used almost up to 1970 to describe the early photographers, even if they had never painted. An absorbing collection of documentary photographers are the painted to the photographer of the photographer and the p graphs of Rome, including a collec-tion by the English archeologist. John Henry Parker, and some striking portraits, all from the archives of the Rome Comune. Ends Sept 27. Venice: Palazzo Grassi: Jean Tinguely:

1954–1987: The jokey mechanical sculpture of Swiss artist Jean Tinguely. A gentler, but still mis-chievous, version of Salvador Dali, Tinguely describes some of his in-credible moving sculptures (all built from refuse iron and steel) as "machines a sentiments," and the complexity and sheer improbability of his works communicate a touching on show, lent by American and Eu-ropean museums, with photographs of his first Self-Destructing Sculpture. Homage to New York, which duly self-destructed in the gardens of the Museum of Modern Art in

IBM Gallery: Post Modern Architectural Visions includes an international array of designers including Mi-chael Graves, Hans Hollein, and Adolfo Natalini with 200 drawings and models of work from 1960 to 1985, originally organised by Williams College and Deutsches Archin in Frankfurt Ends Nov 7. 56th & Madison (407 6100).

graphs of the 1930s showing poverty and despair in the American South were famous in their time in Lile Magazine and preserved in James Agee's moving book, Let Us Now

despair in the American heartland of the scope and depth of Evans' work originally done for the Farm Security Administration. Ends Nov

WASHINGTON

National Gallery: A Century of Mod-ern Sculpture, the Patsy and Ray-mond Nasher Collection, contains major works by Rodin, Picasso, Ma-tisse, Gabo, Giacometti, Ernst, Moore and Serra. Ends Jan 3.

Hirschhorn Museum: One of the Chicago contemporary primitivists whose repeated scenes make evocawinds represent states make every tive images has his first major east coast retrospective with 49 paint-ings and four painted constructions. Ends Oct. 18.

Chinese Paintings and Ceramics of the 18th-20th century: 144 paintings and 33 ceramics comprise this important exhibition from the Yang He-Tang collection in Taipei. The paintings include traditional-style waterco-lours of landscapes, birds, flowers and portraits. Especially interesting are works by literati painters wit their political overtones - orchid/ bamboo/rock or pine/bamboo/plum compositions symbolising difficultes in a harsh political climate. Works of China's two most important modern painters, Chi Pai-Shih (1893-1957) and Fu Pao-Shih (1904-1965), are included. The cersynonymous with excellen made for the Imperial family. Idem-itsu Museum, Hibiya, near main hotels and Ginza. Ends Sept 27.

Modern Japanese Paintings of Ya-sushi Sugiyama. 120 works of one of Japan's foremost contemporary artists. From Nihonga (19th century Western-influenced Japanese paint-ing) to abstract futuristic themes, he is one of Japan's most prolific artists. National Museum of Modern Art, near Takebashi Station, off Imperial Most, Ends Sept 27.

LONDON

Alban Berg Quartet: Beethoven and Berg. Queen Elizabeth Hall (Tue). (928 3191). (928 3191).
Academy of St. Martin-in-the-Fields:
directed by Iona Brown. Bach,
Haydn, Stravinsky and Mozart.
Queen Elizabeth Hall (Wed).
London Philhamaonic conducted by
Sir Georg Solti with Alfred Brendel,

Sir Georg Solti with Alfred Brendel, piano. Brahms and Tchaikovsky. Royal Festival Hall (Thur). (928 3191).

London Classical Players: Beethoven series conducted by Roger Norrington with Melvyn Tan, fortepiano.

Queen Elizabeth Hall (Thur).

La Maurache, Burgundy's Vocal Ensemble conducted by Jacques Echivard: Cancionero de Uppsala (Mon., 8.30 pm). Saint-Severin Church. Wladimir Mikulka, guitar: One hour with Bach (Tue, 7 pm). Anditorium des Halles, Porte St. Eustache. Emilia Fadini, harpsichord: Frescobaldi, Froberger, Couperin (Wed, 7 pm). Auditorium des Halles. Orchestre National de Lille, Regional Choir Nord-Pas-de-Calais conducted Choir Nord-Pas-de-Calais conducted

by Jean Claude Casadesus, Margaret Marshall, soprono, F.B. Duchable,

Paul Kuentz orchestra: Mozart (Tue. 9

Theatre

LONDON

antony and Cleopatra (Olivier): Peter Hall's best production for the Na-tional Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as batthe scarred lovers on the brink of old age. Deach is angry, witty and ulti-mately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Ar-thur Miller's doomed longshoreman in A View from the Bridge; Juliet

Stradivarius and Cremona

The City of Cremona is not allowing the 250th anniversary of its certs at which distinguished performers will play Stradivarius in-struments, ending on September most famous son's death to go 28 with a performance of Brahm's violin concerto (with amoticed. In five rooms of the-Palazzo Comunale - carefully controlled for temperature and Salvatore Accardo) conducted by humidity - the English violin-maker Charles Beare has orga-Carlo Maria Giulini. There will be a two-day confer ence at the beginning of October and smaller exhibitions of connised an exhibition of 45 of the 500 or so surviving instrumen temporary documents and music made by Antonio Stradivarius, in scores. A film of the life of Stradcollaboration with Italian Archiivarius is being made by Giacotect Gae Aulenti. The instruments, mostly violins, but with a bandful of violas and cellos, a me Battiate (starring Anthony Quint), and the Ferrovie Delle Stato has good news for commu-ters from Milan: a special train

This coincides with the fifth Cremona Music Festival: 12 con-

mandolin and a harp, have be lent by museums and private col-

piano: Chabrier, Ravel, Xemekis, Ponlenc (Thur, 8.30 pm). Salle Pley-

All the above are part of the Paris Festival Estival (4804 9801).

sevenson in a line revival of Lorca's Ferme; and David Hare's production of King Lear, Hopkins, a
massive gnaried oak, which gathers
force and more friends as it continues in the repertoire (928 2232).
[he Phantom of the Opera (Her Majesty's): Spectacular but emotionally
participal page musical by Andrew

mitritional new musical by Andrew Lloyd Webber emphasising the ro-

Lloyd Webber emphasising the ro-mance in Leroux's 1911 novel Hap-pens in a wonderful Paris Opera

ambience designed by Maria Bjorn-son. Hal Prince's alert, affectionate

production contains a superb cen-tral performance by Michael Craw-

ford. A new, meritorious and pel-

NEW YORK

Merkin Hell (Goodman House): Kurt Weill Festival. St. Luke's Chamber Ensemble. David Atherton conducting, Faith Esham soprano, William

pm). Se (4583 7955).

enson in a fine revival of Lor-

pable hit. (839 2244, CC 379 6131/240 7200).
The Balcony (Barbican): Sadly dated and heavy-handed opening to the RSC's Genet retrospective, not helpand heavy-handed opening to the RSCs Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Farrah's set looks like a cheap pink hrothel and the actors, a dull lot, chump around on high boots in big bulging costumes. (628 8795).

Fellies (Shaftesbury): Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which points.

will be provided after each con-

cert during the festival to take

them the 90-odd kilometres

Saint-Severin

JENNIFER GREGO

Parker baritone, William Huckaby piano. Ali-Well programme (Thur), 67th w of Broadway (362 8719).

National Symphony (Concert Hall): Mstislav Rostropovich conducting, Gary Hofiman 'cello, David Evits baritone, William Neil organ with Oratorio Society of Washington di-rected by Robert Shafer. Carter, Pis-

ton, Copland, W. Schuman (Thur). Kennedy Center (254 3776). Handel Festival Orchestra (Terrace): Evelyn Elsing 'cello. Handel, Man-ret, Schwartz, Haydn (Thur). Ken-nedy Center (254 9895).

TOKYO

Osaka Philharmonic Orchestra, conducted by Takashi Asahina with Yoko Kubo, violin. All-Beethoven programme. Hitomi Memorial Hall, Showa Women's Collega, Sangenjaya (Mon). (573 3588).

Mozart Chamber Orchestra. All-Mo-zart programme. Ishibashi Memorial Hall (Tue). (780 5400).

Traditional Japanese Music Tokyo University of Arts and Music Graduate Ensemble Koto Performance. Works include Eight Views of Omi,

Autumn in Saga, Ode of Endless Sorrow. Dai Ichi Seimei Hall, Hibisoned marriages nearly undermin

an old buriesque re-union in a doomed theatre, Four new songs, doumen meante, rour new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Mas-sey. All good. (379 5399). Melon (Haymarket): Alan Bates pre-dictably good in new Simon Gray, clumsily directed by Christopher Morahan, about a jealous publisher

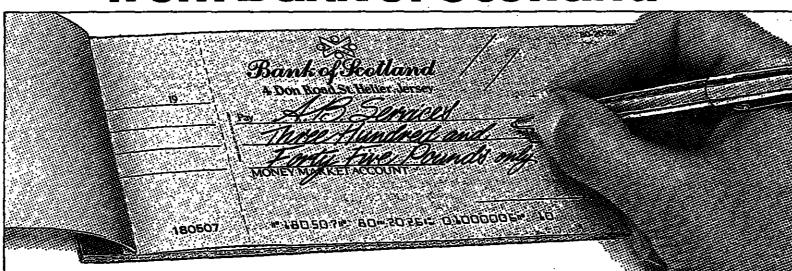
opausal mutterings, not vintage Gray. (830 9832). Continued on Page 19

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Allest /

viewed in flashback from a psychi-atric ward after a breakdown. Men-

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Kubrick's killing theme

Full Metal Jacket directed by Stan-

The gestation period of a Stanley Kubrick film is one of the wonders of the world. Every half-decade or so, the director of movies such as 2001, Dr Strongelove and The Shining

Full Metal Jacket, based on Gustav Hasford's short novel about marine training and Viet-casing which limits the spread nam baptism The Short Timers, of damage on entering the reaches the screen after a mambody — sets out to fulminate moth shooting schedule — against the folly and hypocrisy variously estimated at between of the limited kill, against the six and ten months — and an absurdity of a "controlled" even longer period of preparation and deliberation. A film's whole deceiful apparatus of production history should nor claiming war as a science (or mally have nothing to do with a humanity). But the film itself a verdict on its achievement, seems timited, controlled and But how else to define Full scientific. It is as if a white-hot Metal Jacket's impact—or lack subject has been left to cool thereof—except to say that it too long in the laboratory, or feels like a movie that has been as if a potentially explosive hatching so long it has forgot—theme has been encased in a ten quite why it was conceived damage-limiting jacket of dis-

The theme is killing and the different creeds and motivadifferent creeds and motivations that surround or shape
man's impulse to kill his fellow
man. The opening 45 minutes
push us through "boot camp,"
as a squad of marines on South
Carolina's Parris Island are
carolina's Parris Island are
mile of gothic nastiness was scripted
and directed by British horror
writer Clive Barker. What to
do, it asks, when your dead rning buildings and brutally not reach.

ZERN

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MES

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ambushed by a lone Vietnamese

Full Metal Jacket directed by Stan-ley Kubrick

These scenes have a hellfire intensity that suggest what Kubrick may have been aiming for in the film as a whole. Two Cornered soldiers are surgically
Business as Usual directed by LezliAn Barrett which here sump an arm or leg,
there riddle a stomach, as the
Outrageous Fortune directed by Arslowly and horribly as if we were watching an action replay. Kubrick rhymes, by implication, this physical decimation of a human personality with the psychological "breaking down" process of marine training witnessed earlier. But there are two problems. A lot of sluggish narrative water has flowed bedelivers himself of another introductory Vietnam scenes long-awaited offspring grown in a womb of secrecy and painthe early Boot Camp training a womb of secrecy and painstaking perfectionism. With
each new film, though, it is be
coming less clear quite why the
baby has to spend so long being
incubated: if indeed the baby
is at all distinguishable from
most of those delivered after
more normal pregnancies.

the early Boot Camp training
spread to early poul-ation—though
nearly lines from the sergeant ("You're so ugly you
could be a modern art masterpiece")—still seems like a rerun of any you're-in-the-armynow movie from From Here to
Elernity to An Officer and a
Gentleman.

murderess in recent cinema.

Outrageous Fortune rounds out a trio of films this week

in which women take command

as central characters. The gos-pel of feminism must at last

Full Metal Jacket—the title refers to a "humane" bullet casing which timits the spread tance and deliberation.

Carolina's Farris Island are and directed by formed mortor screamed and square-bashed writer Clive Barker. What to into military shape by a foul-do, it asks, when your dead mouthed gunnery sergeant lover is a restless pile of bones (played by real examp sergeant Lee Erméy). After a ing for reincarnation? Just such a mortification of the control of t geant Lee Ermey). After a ing for reincarnation? Just such brief and tragic hicrup in this a problem faces Clare Higgins sions when it slows down process—one virtimised trainee as the fortyish married heroine, enough to be passably witty; as as the fortyish married heroine, enough to be passably witty; as when first sight of Miss Midler's flat move into a new house, which the story's young observer hero (Marthew Modine) trudges Soon the thing under the floor strudges is gorily reassembling itself and lives are for barter or hetrayal, until the film gathers itself for its action simar. In this, the squad he has joined is marrouned in a maelstrom of burning baildines and brutally



Clive Russell and Harriet Walter

A Question of Geography

Michael Coveney

have fallen into the in-tray at A Question of Geography by to the enmeshed corral all John Berger and Nella Bielski bear with them the vivid marks is an initially trying but finally of persecution, and all are rewarding new play presented vividly played: Jimmy Gerdner by the RSC in The Other Place, is a jolly reprobate who waltzes Stratford-upon-Avon. This is through the musical imposition the Chekhovian dimension to of dialectical materialism on Solzhanityny's Galag reportage. the Hollywood production offices. In this would-be screwball comedy Bette Midler and Shelley Long — one plump, strident and ribald, the other strident and fload, the other blonde, prim and fluting — dis-cover they have been jilted by the same man (Peter Coyote). They promptly turn amorous rivalry into vengeful solidarity and chase him all Solzhenitsyn's Gulag reportage, placing the general outrages of Stalinist purges in the exact domestic milieu of an East across America. (It turns out he is an ex-CIA operative who has stolen a deadly virus from a germ warfare lab.) Siberian labour camp in 1952, several months before Stalin's

death.

The capital of the Gulag is Magadan, where Harriet Walter as the imprisoned Dacha, offender of Article S8, is expecting to see her student son.

"S8" prisoner could have done anything. We never know what in Dacha's case, but love is live together — this century on listed as a crime for such enemies of the people. The post and ureaucracies. With a half-bour spring — and we see Dacha wrestling with the foture of ther Leningrad sum Sacha (Line) capital of the green in such a first capital of the Gulag is Magadan, where Harriet Walter as the imprisoned Dacha, offender of Article S8, is expecting to see her student son.

"S8" prisoner could have done anything. We never know what in Dacha's case, but love is live together — this century on listed as a crime for such enemies of the people. The post and bureaucracies. With a half-bour speed-up and an elimination of spurious portantous years we are the off-spring — and we see Dacha wrestling with the foture of her Leningrad sum Sacha (Line) capital the foture of her capital for the capital of the evening from scene of the present support affection of Ernst (Cive Russell) as not so pastoral and the present support affection of Ernst (Cive Russell) as not so pastoral tragical conical history lesson that of the present support affection of Ernst (Cive Russell) as not so pastoral tragical conical history lesson that of the present support affection of Ernst (Cive Russell) as a vest improvement on Mr Berton of the present support affection of Ernst (Cive Russell) as a vest improvement on Mr Berton of the present support affective and the present support affection of Ernst (Cive Russell) as a vest improvement on Mr Berton of the present support affection of Ernst (Cive Russell) as a vest improvement on Mr Berton of the present support affection of Ernst (Cive Russell) as a vest improvement on Mr Berton of the present support affection of the present support affective and the present support affective and the present support affective and the present support affective The script is desperately whacky, except on the few occa-sions when it slows down enough to be passably witty; as when Miss Long gasps at her first sight of Miss Midler's flat fellow Zone prisoner who is a doctor and therefore entitled to

> almost fatally slow to get going, allowing the authors the full indulgence of their rather overelaborate stage indications and pauses. Magadan, in fact, very nearly turns into a Mogodon. Lines like "How could we know that studying Hegel could lead to six millimetres of pointed steel in the back of your neck? do not help. But the slow build-up pays dividends in allowing us into the lives of these people, listening to their tales of loss and political Royal Opera House. sensory deprivation before we The post of see a reformed family triptych—symbolically represented in a smuggled memento from the Hermitage — brutally smashed in the second half.
>
> Miss Walter, burning on a slow fuse, floods the play with a grave and sentient beauty in spite of the handicap of an all

a vast improvement on Mr Berger's previous self-important foray into the theatre. visit town in the afternoons.

John Caird's production is

Royal Opera House appoints new director The Royal Opera House has amounced that Paul Findlay, currently Assistant Director, has been appointed Opera Director in succession to Mrs Eva Wagner-Pasquier. He will be responsible for the artistic, managerial and financial control of the Royal Opera, reporting to the General Director of the

Royal Opera House.

The post of Assistant Director is to be abolished, with those responsibilities taken over by the Chief Executives of the three companies, The Royal Opera, The Royal Ballet and Sadler's Wells Royal Ballet.

We director into the Poyal Ballet. slow fuse, floods the play with a grave and sentient beauty in spite of the handicap of an all too visible wig join. Visitors

Die Fledermaus/Grand Theatre, Swansea

Rodney Milnes

the new production with which the Welsh National Opera has opened its 1987-88 season is emphatically not just another Fledermans. It is at once one of the wittiest and most aware stagings of the work it has been my good fortune to encounter.

Praise first to Gyorgy Fischer and the WNO Orchestra: there is a freshness to the perform-

ance that can perhaps only come from players who have not been bashing through the score thrice weekly for decades (in fact the work has been out of the company's repertoire for 14 years). Mr Fischer's reading is notable for slyly understated nuance and mercifully free from the laboured application of rubato that can afflict even the best conductors when faced with Fledermans, not to men-tion the worst. The orchesetra really plays right through the phrases, firmly and buoyantly, textures are admirably clean, and the music sounds as fresh

is to have contrived an essen-tially didactic production yet is to have contrived an essentially didactic production yet ensured that it remains dazzlingly funny. The characters of Fledermaus, in the words of linde, strongly sung and crisply the excellent programme-note writer, inhabit "the shady creation; Laurence Dale's seedy grey world of petit bourgeois aspirations . . . racing with relentless logic from one lie to with the strongly sung and crisply enunciated, is a brilliant comic enunciated, is a brilliant comic service. Hitler cowick and all, is rather a courageuos assumption for a

"Not another Fledermans" is the next." Hypocrisy is the jeune premier tenor; Peter perhaps the unspoken thought name of the game: Alfred and Bronder (Alfred) made us want of both reader and writer, but Rosalinde are down to their to hear him in all tenor roles he undies by the time Governor Frank enters Kathrin Kegler's ultra-chic, timeless first-act set (polar bear rug and white boudoir grand), and there is no doubt as to the purpose of Orlovsky's party (in an expressionist winter garden with giant Shaw's distinction deserved scatter cushions), so much so some better lines, but his defiscatter cushions), so much so some better lines, but his defi-that after the group foreplay of nition of opera as "purveyor of cheap thrills to old ladles of mercy that the curtain descends

when it does. Most important, thanks to Mr Poliza's extra-sharp direction of the dialogue, no one shows the slightest sign of knowing that they are funny, the secret of good farce-playing from Fey-deau to Ben Travers. Only in the last act, with Frank's merry pantomime and a ghastly jokewig for Dr Blind, does the iron control of mood falter. That, and the oddly sour characteri-sation of Adele (the Laughing Song is for her a moment of acute social embarrassment, though Andrea Bolton sings it written.
The triumph of the West questionable elements in a presentation that balances Polixa, making his UK debut, is to have contributed.

with extraordinary adroitness.

gave us extracts from in prison: Deborah Stuart-Robert's androgynous Orlovsky, Donald Adams's hideously jovial Frank and Henry Newman's Schnitzlerian Falke all hit the mark. both sexes" struck home. Arguable, but this particular old lady enjoyed himself hugely.



Andrea Bolton

Saito Kinen Orchestra/Barbican

Max Loppert

rary collection of Japanese soloists. They are currently touring Europe (with the sponsorship of NEC, among of dialectical materialism on "Auld Lang Syne"; Mark Dignam an outlawed violinist with eloquent stories of "the beginning behind the hill"; Susan Colorador Stories of "the Susan Colorador Stories of St other Japanese firms) under the title of Philharmonic Soloists of Japan, though their alterna-tive one—Saito Kinen Orchestra tells more about their history Colvard a blinking textile fac-tory worker; Sonia Ritter a young woman newly torn from

The truly splendid Japanese day included such distinguished crehestra that gave its first soloists as Yuxuko Horigome Leister at the head of the London concert on Wednesday and Tomotada Soh among the is not really a constituted violins and Nobuko Imai at the orchestra at all, but a temponal paying hound to remain a some piegel, conducted by Kazuyoshi akiyama (another Taba Gakner nature bound to remain a sometime thing; the pupils first per-formed together, in their minent conductor), the firmness master's memory, in 1984, and of the phrasing was even a after their current tour will little fierce—it was pleasant to probably not do so again until hear the piece done entirely

Akiyama (another Toho Gakuen the early is90s.

These are, therefore, soloists in one sense — but by their come amiss. Ozawa took over mells more about their history and purpose.

Hiden Saito (1902-74), the founder in 1948 of the famous Toho Gakuen music school of Tokyo, was, we are told almost single-handedly responsible for the post-war flourishing of real—and in many respects really first-rate-orchestra. One school has produced an extraordinarily rich crop of fine musicians—Seifi Ozawa, who conducted most of last night's concert, was one of its first-year pupils, and many of today's most successful Japanese string players started their education there.

The orchestra, which has corporate excellence, certainly senses an occasional performance of this orchestra, it was in all senses an occasional performance of this orchestra, it was in all senses an occasional performance of this orchestra, it was in all senses an occasional performance.

Wand/Albert Hall

Dominic Gill

The last concert I heard the reliable. But the music came intention: I've remarked before BBC Symphony Orchestra play across with such life, and such that careful understatement, under Gunter Wand earlier a wealth of unstoppable energy, and the absolutely precise, unthis year was a concert of rare distinction. Wednesday's From with the same orchestra and conductor was not of quite the same elevated stature: but how skian velvet; a wickedly glint-same elevated stature: but how keenly none the less, without ing Infernal Dance.

It is commonplace that conductor was not of quite the skian velvet; a wickedly glint-sing Infernal Dance.

It is commonplace that conductor was not of quite the princesses, glossy early-Stravin-stock-in-trade. Wand lets a Schubert climax swell proudly enough; but he will never inductive the dulge it to bursting point.

It was characteristic too that the princesses is a luscious Dance of the strain stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade. Wand lets a schubert climax swell proudly enough; but he will never inductive the stock-in-trade.

The programme opened with was enthusiastic, but not always

that such occasional rough inflated placing of climaxes, are nesses mattered hardly at all. as integral to Wand's method-

Wand's direction — and what ductors tend to slower tempi as It was characteristic too that enthusiasm they convey in their they grow older. Perhaps Wand under Wand's baton the huge is the exception to prove the slow movement was solemn but rule — for if anything his tempi unlaboured, and the scherzo what was not by any means a have become brisker with the had a fierce and wholly unsentitechnically flawless account of passing years. He took the openmental edge to its gracefulness. Stravinsky's Firebird suite (the ing movement of Schubert's I loved his reading of the finale, third and final version of 1945) Great C major symphony at a even though I don't remember ensemble playing in some of the faxible, never breathless, but played or sound so fast: a brittickest measures, and some urgent enough to permit no liant, jubilant headlong flight, ragged moments too; the brass hint of maestoso in the clisustained with Promethean was enthusiastic, but not always maxes. That was certainly the energy from first to last.



Scene from "Full Metal Jacket"

Arts Week

of the true artistic cross.

Continued from Page 18

Serious House (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led in class tumult and barrow-hoy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. [838 3022, CC 379 8355).

Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale, Ayckbourn's own production is led majestically by Michael Gambon. Best of the MT rest remains King Lear and Autory and Cleopatra in the Olivier, A View From the Bridge in the Cottesloe. The new Brian Friel adaptation of Turgenev's Fathers and Sons is de-cent but dull in the Lyttelton.

Three Men on a House (Vandeville): George Abbott's sprightly gambling comedy has transferred from the National Geoffrey Hutchings in the lead now joined by Toyah Wilcox

NETHERLANDS

Barbarians directed by David Swat-~

ling (all week except Sun and Mon). (2423.11).

MEW YORK

Pences (48th Street): August Wilson hit a home run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an inclustrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nam's production of T.S. El-liot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of thestricality. (239 6262). 42nd Street (Majestic): An immodest celebration of the heyday of Broad-

way in the "30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Charus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions.

msterdam. Stadsschouwharg. The La Cage amx Folles (Palace): With English Speaking Theatre of Amsterdam in Barrie Keeffe's trilogy Harvey Fierstein's adaptation of the some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilar-ious original between high-kicking and gaudy chorus numbers. (757 2628).

I'm Not Rappapert (Booth): The Tony's best play of 1886 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker upour-iously about life past, present and future, with a funny plot to match. (239 6300).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificant spectacle of Victor Hugo's majestic sweep of history and pa-

majestic sweep of history and pa-thos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

dight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop-music and trumped-up silly plot. (58**6** 6516).

Me and My Girl (Marquis): Even if the plot turns on ironic mimiczy of Pyg-malion, this is no classic, with for-gettable songs and dated leadenness in a stage full of characters; but it has proved to be a durable Broad-

Opera and Ballet NEW YORK

New York City Opera: The week fea-tures Tosca, with Elizabeth Hol-leque in the title role conducted by Alessandro Siciliani in Frank Corsuccessandro Siciliani in Frank Corso's production, along with La Traviata and La Bohemé. Lincoln Center (870 * 70).

way hit with its marvellous lead role for an agila, engaging and deft ac-tor, preferably British. (947 0033).

performance!

Cabaret (Opera House): Hal Prince again directs Joel Grey as the seduc-tive master of ceremonies in a Broadway-bound revival of the evoc-ative musical of Berlin life in the 1930s. Ends Oct. 3. Kennedy Center 1934 STM (254 3T70).

TOKYO

es Miserables. After London and New York, new Tokyo and the Japanese version of the Tony-award win ning musical. The cast was hand-picked by the creative team of pro-ducer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in lapan, it differs little from the original London version. Convincing and moving this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (2017777).

na Wartmuller, and American prem iere of Newark in collaboration with Donald Judd are featured in the mixed programme of contemporary dance, 55th e. of 7th Av. (581 7907).

TOKYO

Antonio Gades Dance Troupe: Blood Wedding, Flamenco Suite, Carmen. Shinjuku Bunka Center (Thur).

A Village Romeo & Juliet/Berne

Andrew Clark

score.

staging of this problematical simplest solutions — a wise opera in the past six years: not a bad turn of fortune for a work which had its premiere in gestion in the mind of the managed only four British pro-ductions since Beecham's per-formances at Covent Garden in 1920. This sudden continental rediscovery of Delius (with Fernimore and Gerda also due Fennimore and Gerda also due for revival in North Germany later in the season) has less to do with a reassessment of his peculiar style, than with the revival of interest in the forgotten and often discredited late Romantics, currently being indulged by opera theatres in the German-speaking world.

It was certainly the romantic minated virtues in Delius' eluelement in text and score that the Berne City Theatre harnessed so freshly in this gripping and provocative staging. Where the Berne production much properties of this production minated virtues in Delius' elusive art which not even the much-praised Mackerras-Drese staging at Zurich achieved.

Where the Berne production followed the production of the coupling of this production in the coupling of the coupli Romeo und Julia auf dem faltered was in the quality of Dorfe, as it is known in German solo singing (the chorus was after the novella by the Swiss excellent). Brydon did all he author Gottfried Keller, came across here as a credible tale of adolescence in a narrow care devoted to phrasing, both country community, its flowering isolation and tragic dividends. But the young Yugo-apotheosis. In collaboration slav baritone engaged for the with Roderick Brydon, who Dark Fiddler was a shadow of drew from the orchestra a what was required. The Vren-naturally-paced account of chen, Barbara Fuchs, sang subtle dramatic colouring, the sweetly, and the unbridled magproducer, Gian Gianotti, played netism of her relationship with up the poetic realism, stripping John Janssen's Sali made some

The new Berne production of acting performances from a A Village Romeo and Juliet is young and agile cast, the fourth German language Gianotti always opted for the semicircular backdrop. The lengthy musical interludes were used equally creatively to knit the drama from one scene to the next, enhancing rather than detracting from the

musico-dramatic impact of the

In short, the seamless integrity of this production illuin the voices and orchestra, paid the stage of pretty operatic amends for his imperfect vocal conventions and drawing vivid control.

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Friday September 11 1987

Brazil places a marker

is a chronic complaint whose periodic flare-ups are treated Brazil can play a valuable cata-with short term palliatives in lytic role, but should not be the gloomy expectation that permitted on her own to deter-such palliatives will shortly be mine how the whole problem such palliatives will shortly be

required again.

It was the merit of the proposals of Brazil's Finance Minister, Mr Bresser Pereira, that in the case of his secretary and the case of his secretary that the case of his in the case of his country, at ing Brazil for her own misman-least, he proposed a swift agement. Brazil's debt is now operation. Their drawback was that they came from the wrong source, at the wrong time and in the wrong form. The reaction from Mr James Baker, the American Treasury Secretary, and the commercial banks can have left Mr Bresser Periera in no doubt on these salient points.

Interest payment

Nevertheless, the decision to make the proposal, followed by its prompt withdrawal, may have done Brazil little harm, especially with the IMF and World Bank annual meetings coming up in just over two weeks. The minister has simultaneously succeeded in putting of interest. the notion of an explicit writedown of the debt into the heads of his country's creditors, while showing his flexibility in withdrawing it under pressure. The market value of Brazi-

The market value of the more throws himself on the mercy of the court as a poor orphan.

Despite these objections, Mr reflecting the long interruption Bresser Pereira has raised in interest payments. The some important questions, to Brazilian proposal was to convert half of the debt to the especially the governments of Brazilian proposal was to con- which the creditors and vert half of the debt to the especially the governments of commercial banks into long- the major countries need to find term, low-interest bonds, the answers. The world economy coupon on which would have looks no more likely than five towards recognising current ditions for a revival of large-market values. Not surprisingly, scale, voluntary net lending to the proposal has followed upon the heels of the general pro-visions against Third World engage in frequent renegotia-

The debt crisis is the grumb-ling appendix of the world makes only too clear both the economy. Far from being a pressure that is building up critical condition, however, it and the dangers of overnasty concessions in any one case

CONOMY is

moment, but it will probably correct itself," said Piers Jacobs, Hong Kong's Financial Secretary, last week, in the hearty vein of a Saturday after-

noon sailor wandering into a

typhoon.

In similar cavalier style, the Government has just admitted an error in its calculation of economic growth last year. Or rather, it has yet to admit the arror, but has released statistics.

error, but has released statistics that show real growth in gross domestic product in 1986 of 11

thought economic growth was 8.7 per cent. How the Govern-

ment managed to make such an error has yet to be explained. The undisputable fact, however, is that Hong Kong's

economy is enjoying an upsurge

the like of which has not been

seen for a decade. Exports in the first seven months of the

year were some 40 per cent ahead of exports for the equivalent period of 1988.

companies are reporting improvements in half year

enough to keep the growth going for at least the rest of the year.

The result has been a rise in inflation—consumer prices last month were up about 6 per cent

on August last year—and the territory's worst ever labour shortage. Unemployment is recorded at only about 1.8 per

It has also caused confusion

among foreign investors and

Hong Kong's trading partners,

who have been told repeatedly over the past three years that Hong Kong is a "jittery city," creeping nervously closer to

1997 when Peking will regain sovereignty after almost 150

years of British colonial rule.

The contradiction is more apparent than real. There is still ample evidence of nerves about the future and there

appear to be good reasons why these nerves should have played

a part in fuelling the hectic

The first reason might well

be called the making-hay-while-the-sun-shines factor. "Most

iocal manufacturers would say

there are two 'fortune' cycles between now and 1997," says

one bank economist. "No matter how gloomy a manufacturer may be about 1997, he knows

he would be a fool not to capitalise on at least one of

them."
Mr Allen Lee, a legislative

him. "But business must con-tinue," he insists. "There are very few who are actually pull-

ing out, but there are plenty who are accumulating what they need to get an insurance policy

somewhere."
A second reason, and perhaps the most potent, is the Government's determined adherence to

an exchange rate link with the

US dollar. This was introduced late in 1983 when a bout of

growth.

the past five months, since Mr Jacobs' budget speech, the people of Hong Kong had

per cent.

iobviously a little bit

overheated at the

trading so far below face value in large measure because of self. The effort made to generate trade surpluses has been an impressive one, but other aspects of economic management over the past few years have been lamentable: the Cruzado Plan has turned out to be a textbook example of how not to carry out a currency re-form; the public sector remains bloated with its finances still under inadequate control: Brazil trade policies remain both protectionist and economically inefficient; and, last but not least, Brazil has unilaterally determined to withhold payment

In these circumstances Brazil's proposals inevitably re-

mind one of the child who.
having murdered his parents, gone some, but not all the way, years ago to produce the condebt made by many commercial tion of the terms of refinance banks. To accept such a fait the developed and many accompli just before the meet-developing countries. Whateverings of the World Bank and the accounting niceties, the IMF would seem wrong.

Furthermore, any major the writing down of debt, as change in the treatment of proposed by Mr Bresser Pereira, Brazil, the largest of all the debtors, can hardly be isolated money with which to pay oneindebted countries. Yesterday's evident. The time has surely announcement by President come to find a long-term cure of political nervousness around. Alfonsin of Argentina's inten- for the complaint.

A new deal for rented housing

weeks' time, will do well if it The a broad outline of the necessary reforms of all aspects of housreforms or an appearance of the substance of the substanc expenditure.

This has given rise to some concern in the Treasury, particularly in the area of deregulation of private rentals. If all tenancies were to be deregu-lated at once there might be a sufficient change in supply to keep rents down to reasonable levels following a period of adjustment. But no political party could fight an election on the basis of taking away existing protections, and the Government is unlikely to contemplate the removal of controls over current tenancies.

Deprived areas

Under the legislation that is Under the legislation that is likely to be outlined in the White Paper, landlords will in future be able to charge economic rents and make a reasonable return on their capital. It will be possible to evict tenants at the end of the lease. This market like the lease the lease. This market liberalisation will, however, apply only to new tenancies. The clear danger is that a larger number of private

that a larger number of private tenants will qualify for housing subsidies, at rents arrived at in the full knowledge that the state will foot the bill.

The Cabinet faces much the same dilemma in its proposed strategy for transferring control over Britain's huge public housing estates from elected local authorities to private land-lords and self-appointed housing lords and self-appointed housing associations. There will also be an initial set of showpiece Housing Action Trusts which the Government will charge with the task of promoting and in part paying for better housing in deprived areas. All this is sensible enough, particularly in areas where the local council has manifestly failed to be a good landlord.

decent rental to account for be restricted to the rented many of the 6m homes still sector.

THE British Government's owned by local authorities and, promised White Paper on where they do, subsidies to housing, which is due in a few tenants will probably increase. The Housing Corporation, which oversees the housing fleshes out the details of which oversees the housing election promises and even associations, is experimenting better if it manages to offer with a scheme that adds £30 of taxpayer's money to every £70 of money raised privately for new housing schemes. This is without running the risk of a sharp, possibly permanent, increase in the level of public as showpiece, unless they are provided with a substantial amount of up-front money.

Public expenditure It is because of this dilemma

that the new Housing Minister, Mr William Waldegrave, has addressed himself in a recent speech to the definition of subsidy. Should every area of the country be subsidised equally? If the answer is no, what about the generally agreed desirability. desirability of maintaining some sort of social mix in specific areas? Can housing associations become a conduit for the provision of social rent support in a manner that keeps the level much the same every-where? Mr Waldegrave quite rightly wants to shift the pay-ment of subsidy from specific thus assisted tenants would pay rents that accouned for a decent level of maintenance of the housing stock. Here again housing stock. Here again—which individuals? It is a matter for debate whether tax-payers in general should finance the formation of new house-holds as a result of new social trends, such as the greater pro-pensity for young people to leave their parents' homes.

On the other side of the balance sheet, and beyond Mr Waldegrave's jurisdiction, there remains the tax relief on up to £30,000 of an owner-occupier's mortgage. Mrs Thatcher is committed to maintaining this; it is nevertheless an addition it is, nevertheless an addition to public expenditure that, once removed, might help finance some of the reforms now being contemplated. Failure to tackle this subsidy, and the existing constraints on the supply of building land in good landlord.

Yet here again the means of bigh housing demand.

Serve to inflate the prices bid by owner occupiers. This representative united in the prices of the pric imaginative policy is unclear. represents the opportunity lost Private landlords are unlikely of providing houses for rent. A Private landlords are unlikely of providing houses for rent. A rational housing policy cannot

Hong Kong may have the political jitters but, says David Dodwell, the colony's powerful

neighbour is helping to fuel dramatic economic growth

A boom made in China

the grounds that it critically were HKS 12.4bn — an increase underpins local confidence in of 69 per cent on the HKS 7.3bn

As the US currency has fallen in value against currencies worldwide, so the Hong Kong dollar has fallen with it, giving local manufacturers an invaluable fillip in their efforts to export to Europe and Japan. improvements in half year profits of anything up to 80 per cent, and order books are full In the first half of 1987 alone, the Hong Kong unit fell by 8.2 per cent against the yen, 6.1 per cent against the D-mark and 8.6 per cent against sterling.

An additional bonus has been US success in forcing the Taiwanese, South Korean and Singaporean Governments to revalue their currencies against the US unit, This has given Hong Kong companies a price advantage against their fiercest competitors, both in the critically important US market and

worldwide. The result has been a 42 per cent leap in domestic exports to West Germany, up from HK\$ 4.57bn (£352.9m) in the first half of 1986 to \$HK 6.5bn this year. Exports to the UK have risen 28 per cent (from HK\$ 4.2bn to HK\$ 5.4bn) and there has been a 71 per cent rise in exports to the notoriously difficult. Japanese market (up from HK\$ 2.4bn to HK\$ 4.1bn).

These increases came after similar export growth in 1985 and 1986 and would in normal circumstances have been expected long ago to generate signs of serious overheating of the economy.

stances: the abnormal factor is and labour shortages that would facing 1997, the Chinese option have merged long ago in other countries experiencing at the countries at the cou countries experiencing similar growth have been_ameliorated

by what the Hong Kong Government calls the "outward processing trade" with China. Inflation has been suppressed by the fact that most toy and electronics manufacturers and a large number of textile and garment companies have turned to the Guangdong hinterland — a 150-mile stretch of river delta running north from Hong Kong to Canton — to tap cheap sup-plies of labour that have kept production costs down.

This explains much of the

politically induced hysteria over apparent growth in trade be1997 threw the exchange rate tween Hong Kong and China into a spin. The dollar link has been kept in pace ever since on to China in the first half of 1987

of 69 per cent on the HK\$ 7.3bn figure to June 30 last year. Most of the increase was made up of electronic components or semi-manufactured goods, which are assembled in Guangdong and then sent back to Hong Kong as finished gods. Not surprisingly, China's exports to Hong Kong have grown by similar proportions.

lar proportions.
Raymond Hung's applied electronics, which makes a wide range of computerised toys, is not untypical in employing 5,000 workers in different factories in the Pearl River detls, and only 200 in Hong Kong Materials are supplied to his Chinese fac-tories and finished products returned to Hong Kong. there concentrate on design, quality control and marketing. A city like Dongguan, two

hours' drive from Hong Kong's land border with China, has about 1,600 factories either processing for Hong Kong com-panies or in co-operative ventures with them. Hong Kong production accounts for an estimated 150,000 jobs in a city

Similar penetration of the Guangdong economy has occured in cities like Foshan. Zhongshan, Panyu, Shunde, Jiangmen and Taishan, with officials in Guangzhou, the pro-vincial capital, estimating that about 10,000 factories and no less than 1m workers are employed in production in Hong

Kong.
With Hong Kong's own
manufacturing labour force put Hong Kong, however, is not at only just over 1m, this means growing in normal circum-that half the territory's manufacturing workforce is now inside China.

does it keep wage costs down, but it has enabled them to win who have welcomed the invest-ment and the job creation. Such goodwill could provide vital insulation if the political mood in China chills after the transfer

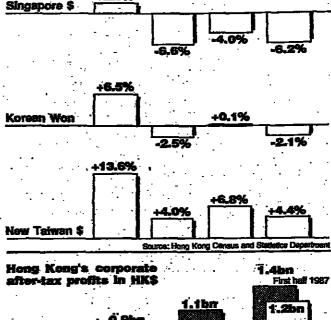
of sovereignty.

The development has also allowed Hong Kong manufacturers to avoid heavy invest-ment in labour saving machinery—investment that would long since have been essential if they had had only the Hong Kong labour force to

draw on.
"For a factory boss worried about 1997, the last thing he wants to do, if he can avoid it, vice, that textile and clothing

Hong Kong and major

D-Mark



0.2bn Windsor Hutchison

is commit large sums of money. to new equipment," one industrialist says. " Better to add 10 more workers, who can be laid

Industrial

Kong's large knitwear industry, which has been forced by US country-of-origin legislation to turn its back on outward pro-cessing in Guangdong. Thus it is the knitwear manufacturers who have been most forcefully hit as the labour shortage has

begun to bite.

The Hong Kong Federation of Industries claimed last week in a letter to Mr David Ford, had a fete twentierer Civil Service of the Land of the head of the territory's Civil Serindustries were short of 80,000 workers. Worst hit were cotton spinning and weaving factories

Hongkong Bank

to provide impetus for techno-extent to which Hong Kong's logical upgrading and that economy has been integrated higher wages were not with unacceptable, given the massive land. profits growth recorded by most companies, the federation has called for radical measures to tackle the labour supply

Its favoured option is for the

similar to the current recruit-ment of maids from the Philippines. The second is the setting up of an industrial zone on the border with China, with workers from the mainland being bussed into the zone daily, or for one of the existing industrial zones to be expanded on similar terms.

Finally, the federation points to the possibility of allowing Vietnamese refugees, about 8,000 of whom are currently held in closed camps in Hong Kong, to join the workforce. All these options have been

cold-shouldered by the Govern-ment, not least because it is skilled and not unskilled workers that are in shortest supply and these cannot be im-ported easily from any country in the region.

A senior government economist says: "Apart from the immense practical difficulties attached to all these suggestions, we think this is golfing to be a short-term problem and we should not be looking at long-term solutions that lock as into investments that we might not want to afford in the long term."

It was the conviction that the problem was a short-term oneand that the growth surge would naturally run out of steam once labour and other infrastructural constraints began to exert themselves — that prompted Piers Jacobs in April to predict economic growth this year of around 6.2 per cent

Officials now admit they understand the extent to which local manufacturers could exploit mainland China to sustain their impressive export

plans.
"We were expecting the we were expecting the squeeze to start showing at the beginning of the year, but it didn't happen," says a govern-ment economist. "It has to slow down sometime and who knows how many times we are going to get it wrong before we get

Signs from China suggest that the squeeze is almost upon Hong Kong manufacturers. Officials in cities throughout the Pearl River delta are reporting that local wage levels here bogun to rise rapidly as have begun to rise rapidly as their own labour pools begin to shrink. Many are bringing workers in from as far afield as Anhul and Henan, 1,500 miles north in the Chinese

interior.

In 10 days' time, Piers
Jacobs will make his half-yearly
assessment of the economy's performance. If current trends were expected to continue to the end of the year, he would be pointing to economic growth in real terms of between 13 and 16 per cent. More realisticin of it the political mood turns higher specific pear to the be predicting, growth in region of 10 or 11 per expensive machinery that can't and of March 1987.

be moved anywhere."

Disputing government argument argument argument arguments that the shortage ought first official admission of be predicting growth in the region of 10 or 11 per cent. He may also be making the with that of its Chinese hinter-

> It would be a small step to concede that the transition many had though would octur in 1997 has already taken place for many manufacturers. If they are anxious now, it is Government to allow the not because of fears about recruitment of workers from what China might do after 1997, overseas, from south-east Asia, but because their fates are or perhaps China, on a basis already in the hands of Peking.

is A. Robert Abboud, bankers say. But he may have to smooth his rough edges. The 58-year-old Boston banker, who has promised to raise \$500m to save the washed-out Houston banking group, has a reputation for being difficult to get along with. "People think the "A" in A. Robert Abboud stands for abrasive," he said in an interview in 1984.

That led to trouble at First is A. Robert Abboud, bankers

That led to trouble at First Chicago, where the Harvard graduate started as an assistant cashier in 1960 and worked his way up to chairman. The bank's board booted him out in 1980: his conservative policies were not bringing in the profits and he was unpopular with senior management.
He then joined Occidental
Petroleum, but left in 1984
after falling out with the oil

company's autocratic chairman, Dr Armand Hammer, real estate loans and staunc real estate loans and staunched other problems by clamping down hard on lending. Across the street. Continental Illinois was growing fast and making big profits, to the envy of Abboud's colleagues. But when Continental Illinois had to be rescued in 1984. Abboud's caution at First Chicago was vindicated. Can he repeat the trick with the bad real estate and energy loans at First City?

Civil words

Low morale, poor salaries relative to the private sector, increased politicisation of appointments and a poor public image — not a snapshot of the British civil service, but of their American colleagues, according

to Paul Volcker. Now that "Tall Paul" has Now that "Tail Paul" has relinquished the reins of power at the Federal Reserve Board, he has found a new crusade: a group called the Commission on the Public Service, dedicated to

Men and Matters

improving the lot of America's career civil servants. Launched yesterday in Washington, the group will seek to promote the interests of public service with all of the Presi-

dential candidates over the next 18 months. In an election that is likely to see more than its fair share of Washington-bashing, Volcker has a tough time ahead of him.

But now free from the con-straints that prevented him from expressing a view on such matters when in office, he is clearly intent on making his point. High-minded as ever, he says he sees a "quiet crisis" in the making, though—with jittery financial markets doubtless still in mind—he hastens to add that the Fed itself is "somewhat isolated" from the pressures that face its peers.

Getting there

Now that the shock wave from Big Bang has passed, Sir Nicholas Goodison, chairman of the Stock Exchange, has restarted his regular trips across the north-south divide to meet the people who run listed companies in the regions.

panies in the regions.

Goodison usually invites around 40 to a question-and-answer session about the latest from the Stock Exchange, followed by a buffet supper.

He suspended the gettogethers while everyone was adjusting to Big Bang. But this week he was in Manchester reporting how pleased he is by its aftermath. its aftermath.

His only worry seems to be

a lack of feedback from listed companies about the exchange's

As people pored over these journals, realisation dawned that many were seeing them for the first time. Goodison changed tack: how best could the Stock Exchange ensure that such things got past a senior man's secretary, and actually reached him?
"No chance," muttered one

chief executive, whose secretary is under instructions to throw any package of printed material weighing more than three ounces straight into the bin. Another however, proposed what could be the perfect solution. He suggested to Goodison that material be sent in pastelcoloured, scented envelope with names and addresses hand with names and addresses hand-written in exotic-coloured ink. Any secretary with a sense of discretion would pass such correspondence straight through unopened, it was argued. A thought advanced during

the evening was that adding a scrawled "Strictly Private and Confidential" would make onward transmission absolutely

Family politics

One of the grand old men of One of the grand old men of Danish politics, Erhard Jakhsen, aged 70, who founded his centre-democratic party in fine 1970s after breaking with his old party, the social democrats, will form a father-and-daughter team in Prime Minister Poul Schluter's new coalition government.

This is the first time that Erhard, as he is fondly known to everybody, has been given a Cabinet Job, though his daughter, Mimi Stilling Jakhsen, was first minister of

daughter, Mimi Stilling Jakbsen was first minister of culture and then social affairs minister in the previous

Erhard Jakhsen is one of the most enthusiastic Danish supporters of the EEC and NATO, and one of the country's most flery speakers. But when he was a member of

the European parliament his un-Nordic contributions went almost unnoticed among the floods of Gallic enthusiasm.

His job in the new govern-ment is minister of co-ordina-tion, between the four coalition parties. It is a role which he has played from outside the cabinet before.

His talent for getting people to work together has much to do with the fact that there were remarkably few serious dis-agreements during the five years of Schluter's coalition.

Daughter Mimi, brought up in a home where politics was about the only serious subject of conversation, was first elected to the Folkening 10 years ago at the age of 28. After a successful term as

minister of culture she was promoted to the big spending social affairs ministry. Politically she does not seem to be able to put a foot wrong. She is divorced and has a small son. And it certainly did her reputation no harm with the broadminded Danish public when it slipped out during the

election campaign that she is the live in companion of Bengt Burg, presenter of a popular early-morning radio programme. The spark was struck when she phoned him "on air" one day to thank him for a compli-mentary reference in his radio

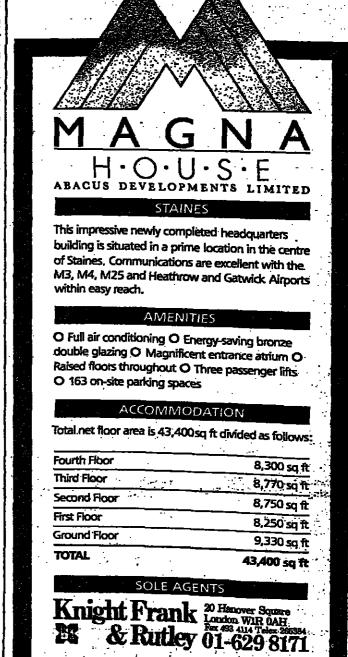
Perhaps that romantic touch to an otherwise boring election campaign explains why the centre democrats were the only coalition party to make a gain in Tuesday's election, going ahead from eight to nine seats.

Junior partner?

A reader has noticed what he calls a sign of the times in the City of London.

At a parking meter in Great Winchester Street yesterday was a new BMW with a scribbled notice on the windscreen, "Meter Jambed."

Observer



MR NORMAN TEBRITS
period as Chairman of the
British Conservative Party is
drawing pencefully to a close.
Mr Tebbit has already left the Cabinet at his own request and is completing an analysis of this year's general election results for a yet annamed

By and large, he achieved what he set out to do. He targreed the right seats for special attention. Out of a total of around 70 which he believed the Tories had either to hold or regain in order to win the election quite comfortably, only 13 were lost — three of which were in Wales and seven in Scotland.

His outstanding performance was to help mobilise Ministers to put up a strong showing at last year's party conference. The Government had been going through one of its worst periods in the first half of the year what with Westland, Bi, and the dropping of the Sunday trading provisions. It came back at the conference with Ministers, in a united approach, outlining achievements so far outlining achievements so far and promises of what was to come. That was the political

turning point.

Some of the tensions that arose afterwards are built into the relationship between Con-servative Central Office and the Prime Minister, and owe a lot to there not being fixed-term Parliaments. Central Office is Parliaments. Central Office is always pervous about the election timing: it does not want to peak too soon nor start too late, yet it does not have the final say about the date. It knows that it will inevitably be blamed if things go wrong. There was also, perhaps especially in Mr Tebbit's case, a problem about the Central a problem about the Central Office role in policy-making. Mr Tebbit is an ideas man rather Tebbit is an ideas man rather than an organisation man. He would have liked Mrs. Thatcher to have drawn up plans for widescale changes in the machinery of government, but she would have none of it, at least until the next stage of privat-isation is complete. That left him vulnerable to the charge that he was more interested in organising Central Office. The tensions between the party headquarters and the Prime Minister are likely to con-tinue wheever storeach him

Prime Minister are likely to continue whoever succeeds him. The theory is—and according to the effectively challenged it—that you put in a relatively low level or part-time figure between general elections, then instal someone bigger about two years before the next electich is due.

The trouble is that the low level or part-time figure lacks the authority and the time to impose reforms on the organisation—and the high level figure might be a rival to the Prime Minister. It is difficult to see a way out of this dilemma so long as Mrs Thatcher one bigger about two years before the next electich is due.

The trouble is that the low level or part-time figure lacks the authority and the time to impose reforms on the organisation — and the high level figure might be a rival to the Prime Minister, It is difficult to see a way out of this dilemma so long as Mrs Thatcher remains, since even Lord

closely together and to place resources where they are most needed, Completion of the task will be impossible. The solid Conservative push to new frontiers. The political geography after the election showed that the Tories had done well in the south, including London and the Midlands, but badly in the north, Scotland and, to some extent, Wales.

The alm generally is to extend the Conservative push to new frontiers. The political geography after the election of the task will be impossible. The solid Conservative done will in the south, including London and the Midlands, but badly in the north, Scotland and, to some extent, Wales.

The conservative push to new frontiers. The political geography after the election of the task will be impossible. The solid Conservative done will in the south, including London and the Midlands, but badly in the north, Scotland and, to some extent, Wales.

The conservative push to new frontiers. The political geography after the conservative done will in the south, including London and the Midlands, but badly in the north, Scotland and, to some extent, Wales.

The conservative push to new frontiers. The political geography after the conservative push to new frontiers. The political geography after the conservative push to new frontiers. The political geography after the conservative push to new frontiers.

Politics Today

Wanted: a new Tory chairman

By Malcolm Rutherford

Thorneycroft, who had no possible claim on the leader-ship, was dismissed as Chair-man when he became mildly critical of her policies. Nevertheless, Central Office enjoys one inestimable advant-age over its rival organisations

in other parties. It keeps its eyes on the constituencies. When the results of one general election are in, it starts planning for the next, noting the parts of the country where the party could and should have done better. This is not an easy exercise,

This is not an easy exercise, for the constituency organisations are jealous of their autonomy and, on the whole, support Central Office financially rather than the other way round. There is not even a central record of party members. Thus the power of the central organisation to intervene at the constituency level is very limited. Even an attempt is very limited. Even an attempt to persuade a constituency party to employ a better agent or modernise its filing system might be resented and resisted. What has developed over the

years, however, and is now likely to be strengthened, is an effort to encourage neighbouring constituencies to work more closely together and to place

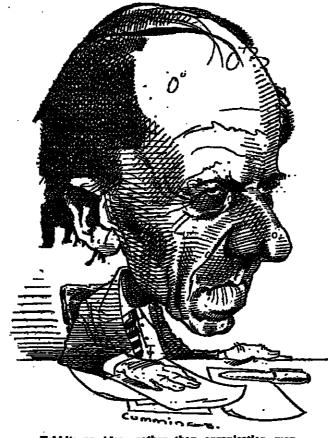
were employed in the Midlands, but that is not going to happen. Still, there are areas where still, there are areas where changes can be made. Flymouth has three constituencies, two held by Tories and the other by Dr David Owen of the SDP. The Plymouth Conservatives have agreed to a combined organisation and common head-quarters. (It is rather an ironic place to change since the Tories place to choose since the Tories might have to decide whether

or not to oppose Dr Owen at the next election.) Another instance of the organisation beginning to cross organisation beginning to cross constituency boundaries concerns Mr Tebbit's own seat of Chingford in Essex. The Conpervatives gained the neighbouring seat of Walthamstow at the general election. The next aim is to pick up the other neighbour, Leyton; if successful, they would then hold all the seats in the Waltham Forest Borough.

Similar cooperation is being

Similar co-operation is being considered in some of the major cities, even those where the Tories did well, such as Bristol (three seats out of four) and Birmingham (five out of ten). Newcastle upon Tyne, which no longer has a Tory MP, is likely to be given special attention.

The aim generally is to



Tebbit: an ideas rather than organisation

analysis is that someone who analysis is that someone who lives in a council house, is employed in the public sector, belongs to a trade union and owns no shares tends to vote Labour. Such people are concentrated in the north.

The Conservative voter tends to own his or her own house, work in the private sector, may or may not belong to a union (this criterion is no longer as important as it was) and to hold shares. This sector is con-centrated in the south and is Government it should continue to grow and expand northwards as more and more people move into the private sector and

ecome shareholders. Thus the Tory goal at the next election should be to mop up more seats in London, move further north and retrieve the situation in Scotland where there have already been extenthere have already been extensive changes in the party organisation. Mr Tebbit would add, as a word of advice to his successor, that at the same time it will be essential to maintain the policy momentum; for it is from the growth of the private sector and from wider ownership that the Tory vote has come, He would also see the Tory aim not so much as winning more votes, more evenly spread around the country.

If all that sounds vastly oversimplified as a plan for the

Tories to win again, of course it is. It omits what happens if privatisation turns sour. (Recent events at British Tele-com would have provided an interesting background if the general election had been October not June.) It overlooks what might come of the new party that might be born of the Liberal-SDP Alliance and it totally ignores how the Labour

Party might develop.

Moreover, sooner or later—
probably about mid-term—
there is almost bound to be a huge fit of nerves in the Tory Party about whether Mrs Thatcher should stand again or

step down. One can already sense the discussions beginning. Nevertheless, a party that keeps its eyes on the constituencies and is continually trying to improve its organisation has a huge advantage. It will be a long time before even a regal-vanised Labour Party can take on the Tories in the south, yet the Tories are already moving north. The Liberals can do it, but largely in by-elections when they simply pour all their resources into one place.

That is why the succession to

Mr Tebbit is important. It means someone who is close to Mrs Thatcher, but can also stand up to her — who can organise as well as think. There are precious few candidates West Germany's state elections

Strauss awaits news from the north

By Peter Bruce in Kiel

NOTHING IS ever supposed to Abortion would become avail- the farm vote, which will not happen in Schleswig Holstein.

keit and good sense.
They seem also about to become the vehicle of Chancellor Helmut Kohl's next Chancellor Helmut Kohl's next injured in an air crash earlier political embarrassment. State elections are being held here elections are being held here old, buoyant, self.

—and in the city state of Bremen further south—on Sunday and Mr Kohl's Christian Democrats (CDII) seems of the sex claim, but that did little to subdue suspicions Democrats (CDU) seem certain to lose their majority in the state parliament and, with it, their majority in the Bundesrat, the upper house of the Federal Parliament in Bonn.

The CDU will then have lost support in almost every state (and one national) election since Mr Kohl was first elected to power in 1983. Worse still, losing a majority in Schleswig Holstein after ruling there for 37 years would leave the balance of power in the Bundesrat in the unpredictable hands of the Bavarian leader, Mr Franz Josef Strauss, Mr Kohl's senior coalition partner and his most relentless critic.

It is also possible that new regional alliances will emerge between the federal opposition, the Social Democrats (SPD), and the liberal Free Democrats (FDP), junior partners in Mr Kohl's coalition, which could further undermine Mr Kohl's

further undermine Mr Kohl's fractious Government.
Certainly Mr Kohl takes the Schleswig Holstein poll seriously. It has a lot to do with his change of heart last month when he finally offered to scrap West Germany's 72 Pershing 1A nuclear missiles in order to help the US and Soviets conclude an arms deal in Geneva.

in Geneva. in Geneva.

That has not stopped the CDU in Kiel from panicking. Last week it gave a warning in hysterical pamphlets and election "newspapers" that if the SPD was given half a chance, it would form a Government with the radical Greens anyton.

Flat, almost to the point of (and be chargeable to the Mr Barschel will probably being romantic, and perched national health) and sex with need FDP support if the CDU alone at the top of West 14-year-olds would be made is to have any chance of stay-

that someone in the CDU was trying to nobble the SPD's leading candidate by spreading other dark rumours about him, including an old German favourite, tax evasion.

The SPD challenger, the headeness and charming Me.

handsome and charming Mr Björn Engholm has gone down so well in the state that Mr Barschel risks losing not only his majority but being removed from Government altogether.

Recent polls give the SPD about 45 per cent of the vote, about two points ahead of the CDU. In the last state election in 1983 the SPD collected just 43.7 to the CDU's 49 per cent. Dr Klaus Rave, the SPD's cam-paign manager, says Mr Eng-holm will try to form a Govern-ment even if it means talking to the Greens or the FPD about a coalition.

The CDU is in trouble in

The CDU is in trouble in Schleswig Holstein because it is losing its grip on a once fiercely loyal farming votemore than 10 per cent of the electorate. The Kohl Government in Bonn is being blamed for not stopping EC farm produce price cuts earlier this year. Mr Karl Eigen, a federal CDU MP and head of the farmers' union in the state says Brussels' farm policies threaten

to drive up to 50 per cent of farmers off the land.

"A 10 per cent cut in turn-over can mean a halving of profit," he says. The trouble with being a German farmer, says Mr Eigen, is that "we are the weakest element of a strong if would form a Government with the radical Greens environmentalist party.

Cars would then be abolished. Foreigners (read Turks) would be given the vote. The police would be dissolved and prisons emptied.

Till would form a Government the reader that the readers the farmers may stay at home in protest on Sunday despite a massive CDU effort to mobilise them. A vote. The police would be dissolved and prisons emptied.

able up to the moment of birth do the CDU any good either.
(and be chargeable to the Mr Barschel will probably national health) and sex with need FDP support if the CDU Germany, the state's dour legal.

Germany, the state's dour legal.

In fact, in inglight in the state's are the very epitome of German Gruenditch left and good sense.

They seem also about to Premier, Mr Uwe Barschel, an overall majority. The FDP, in the vehicle of likes to project. But since being in turn, has promised the CDU interest in turn, has promised the CDU in the state's support.

None of which means very much. Though it is likely the liberals will win 5 per cent or more of the vote and get into the state parliament, it is not entirely certain that the leader of the FDP in the state, Mr Wolf-Dieter Zumpfort, speaks for the party. The SPD's Dr Rave calls him a "primitive neo-capitalist" and says there are other FDP leaders the SDP

are other FDF leaders the SDF
would talk to about a coalition.
Also, the FDF is notoriously
opportunist and has just
formed, in Hamburg, the first
coalition with the SPD since
it abandoned Chancellor
Helmut Schmidt in 1982 and brought Mr Kohl to power. The SPD and FDP also seem likely to form a coalition in Bremen, where the socialists may lose their overall majority on Sun-

day. The Greens have also offered the SPD support but they also have to cross the 5 per cent barrier first. That means taking enough votes away from Mr Enghoim, who is left wing on most issues but in a gentle. pipe-puffing way that has not frightened off the quiet nor-therners. "Schleswig Holstein has always been difficult for the Germans because of the left-wing SPD." says Mr Heino Schomaker, the party's election manager.

The prospect of having a watered-down CDU government in Kiel — let alone an SPD one — and the failure to make much out of tiny Bremen's DM 2m-a-day debt repayments threaten to make Monday threaten to make Monday miserable for the Chancellor. Not least because Mr Strauss is bound to leap for the umpteenth time upon any CDU losses as evidence that Mr Kohl does everything wrong and that he should pay closer atten-tion to the advice he gets from

Fundamental research

From Professor V. Heine, FES

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المينية والمسترين

Sir, Much of Sir Trevor Skeet's letter (September 3) about British participation in CERN (Enropean Organisation for Nuclear Research) makes good sense, Of all subjects it anght to be pursued through international collaboration because of its enormous expense. There is, however, one basic issue about the need for fundamental scientific research which the fundamental understanding being pursued at CERN can feed into technology for ever. Even the word "nuclear" in the CERN title is a misnomer. There are honest ways for acceptists to argue for money from public funds, but to point to technological benefit in this case is not one of them.

There are two points to be made. The first is that there has to be some degree of selec-tivity in fundamental research as in other fields of endeavour, tivity in fundamental research as in other fields of endeavour. One must not draw lines too tightly because by definition the object of research is to find what has not yet been discovered. The technology. Fields more remote from application are not ignored: they are pursued at a lower level of activity and only at the highest intellectual level. The very large sum still going into high energy particle physics (which is done by CERN) does not conform to this strategy.

The second paint is that the present missilocation of the research budget for basic science is starving those areas which really do have technological importance. Readers will know that there has been a vitality abroad.

The second paint is that the present missilocation of the research budget for basic science is starving those areas which really do have technological importance. Readers will know that there has been a renewed brain drain in recent wars because of disillusion. years because of disillusionment about the support of basic research. It seems as if Britain does not understand on what side its bread is buttered. High energy particle physics is not the only area that needs re-

(Prof) Volker Heine. Cavendish Laboratory, Madingley Road, Cambridge.

It's people

Letters to the Editor

people when assessing their worth. Companies are bought and sold, breken up and amalgamated, entirely on financial criteria, with little regard as to what may have taken many years to build — a sound policy

issue about the need for fundamental scientific research which he has simply gof quite wrong. Fundamental research now is important for technology tomorrow, but not any kind of fundamental research. There is no conceivable way in which the fundamental understanding heing musuled at CERN can be represented in the fundamental understanding heing musuled at CERN can be represented that in the future, global competition will be increasingly be commitment of employees to such key factors as quality and service will be vital. Bryan C. Stevens.

85, Tooley St, SE1. **Broadcasting** tests ahead

From the Managing Director,
Yorkshire Television.
Sir,—Your leader "Broadcasting tests ahead" (September 7) falls to address the key
issue: how do we preserve the
high standards which we have

vitality abroad. Paul Fox, The Telepision Centre,

A strategy for electricity

From Mr D, Ross.

Sir,—The argument (September 1) by Mr John Lyons of the Engineers' and Managers' Association, that the electricity generating authority and the grid should remain a single unit under privatisation would mean

Then a margin is deducted.

The rights and wrongs of this can be disputed on both sides; what is inexcusable is to allow one of the parties to have mono-poly control over the delivery system and thus, right or wrong, decide the argument. No organisation answerable to share-holders should be placed in such a position. If the new organisation strategies is such a position. tion satisfied its owners, it would disappoint the consumers; and Kenneth Hack, vice versa.

Mr Lysons' union has made the point that the members work for the CEGB and do not wish to see their contracts of wish to see their contracts of employment transferred. But this is done routinely whenever a company is taken over and there is no problem in ensuring that wages, conditions and pensions are legally safeguarded inside the successor organisation. That is one of the things unions are for. Parliament has wider responsibilities, to all of us.

55 Ruskin Park House, Champion Hill SE5,

Safety at work

dustry.

From the Director, Industrial Relations Chemical Industries

Sir,—Once again I must take issue with the claims (September 7) made by Mr Gee of the General, Municipal, Boilermakers and Allied Trades

Mr Gee predicts that 1986 accident figures in our indus-try will be worse than those for 1983. What he omits to add is that this is largely because of new reporting and record-ing criteria (RIDDOR) which mean that a greater range of accident of a serious nature will be reported. These regulations have been welcomed by this association as a means of drawing additional attention to the importance of safety in this already safety-conscious in-

Employers in the chemical industry meet regularly with national officers of the trades that matter:

From the Director.

Industrial Participation

Association

Sir. — I was very interested to read (September 2) about in particular I was impressed in particular I was impressed in particular I was impressed at the reference to "well-run companies with a history of good industrial relations."

How infrequently is much attention given to the way in which companies manage their with cheap, baseload supply.

Industry meet regularly with national officers of the trades unions in a forum specially would be traded off, as factual). Moreover, and industry meet regularly with national officers of the trades unions in a forum specially constituted to monitor and industry meet regularly with national officers of the trades unions in a forum specially with section. In a forum specially constituted to monitor and industry meet regularly with a factual). Moreover unions in a forum specially constituted to monitor and influence health, safety and environmental issues. Currently the correlation of accident statistics is just one of the items under consideration. Many other matters of major significance affecting workplace health and safety have been discussed and joint position reached through constructive when demand is low and that the reference it can be compared with cheap, baseload supply.

are unhelpful at a time when the industry is working so hard to continue the joint promotion of co-operative activity in an area of the highest possible mutual concern.

simplified as a plan for the

The British chemical indussafety awareness and continues to make efforts to improve standards of safety. Indeed, the emphasis on safety is reflected at all levels of our operations, as anyone who has operations, as anyther who has visited a modern chemical plant will see. Managers in our industry are aware of their responsibilities and that they can be prosecuted if negligence

Kings Buildings, Smith Square SWL

Who watches what

From Mr W. Phillips. Sir, — John Lloyd's column (Monday Page, September 7) embodies a hard-dying fallacy about the way television viewers behave.

Mr Lloyd contrasts allegedly falling audiences for current affairs with those for entertainment programmes such as The Price is Right. He deduces that Price is Right. He deduces that current affairs is elitist and off-puttingly impenetrable, and says that "most FT readers either do not watch much TV, or watch the programmes which the mass audience do not." This is simply untrue. The central fact about TV viewing, which can he inferred from a week's or a decade's panel data, is that it is undifferentiated. Everybody watches all kinds of programme; somer or later we all see everything. The social distinctions between patrons of different daily papers patrons of different daily papers and (to a lesser extent) radio hannels is not found in

television.

True, businessmen (FT readers) tend to be lighter viewers in toto than, say, elderly working-class women. But whatever their class, in-But whatever their class, income, age, sex or address,
viewers distribute their viewing
in much the same proportions,
altotting about one-third of
their time to factual and
informative items such as current affairs. If individual programmes of that sort suffer
falling andiences, it may be falling audiences, it may be merely because a wider choice of them is on offer nowadays (half the whole peaktime output of BBC2 and Channel Four is factual). Moreover, news bulletins run longer and go deeper than formerly. Studying ratings continuously, I see no justification in the figures for assimilating current affairs to the style of tabloid newspapers or game shows. Incidentally, the audience for The Price is Right has fallen by a quarter

Half year profit tops £68m

Results for the half year to 30th June 1987 are another record for Cookson Group

Sales .	Half year 1987 £582.3m	Half year 1986 £458.3m	% Increase 27%	Year 1986 £972m
Operating profit before tax	£73.5m	£51.5m	43%	£113m
Profit before tax	£68.8m	£43.0m	60%	£95m
Profit after tax and minorities	£42.9m	£26.7m	61%	£59m
Earnings after tax per ordinary share	26.0p	18.8p*	38%	41.5p*
Dividends per ordinary share	4.00p	2.75p	45%	8.75p

Cookson book of records For further details see Oracle page 571

Manufacturer of specialist materials for industry

Cookson Group plc, 14 Gresham Street, London EC2V 7AT Copies of the interim report can be obtained from the company secretary at the above address Tel: (077 385) 2311

FINANCIAL TIMES

Friday September 11 1987



Iran to co-operate with Saudi Arabia on oil prices

with Saudi Arabia in support of an oil price of \$20 a barrel despite the acute political tensions between the two oil states. with Saudi Arabia in support of an oil price of \$20 a barrel despite the acute political tensions between the two oil states. As two ministerial committees of the Organisation of Petroleum Exporting Countries are jointly to review the currently weakened state of the oil not become a victim of the escantic. We Usessin Korgensus. rently weakened state of the oil market, Mr Hossein Kazempour rently weakened state of the oil not become a victim of the escamarket, Mr Hossein Kazempour Ardibili, Iran's deputy oil minister, said his country's backing could be relied on if Saudi Arabia helped by getting their friends to adhere to production quotas. This was a reference to marked up 39.5 cents on the day to \$18.435 a harrel. continuing over-production by Kuwait and the United Arab

day above its self-imposed ceil-

marked up 39.5 cents on the day to \$18.435 a barrel. Kuwait and the United Arab Fighting in the Gulf war in- while Iraqi warplanes contin- fire, there was widespread Emirates, and to a lesser extent tensified yesterday ahead of the ued to bombard industrial and gloom among diplomatic ob-

by Mr Javier Perez de Cuellar, the United Nations Secretary-General, which starts in Tehran tonight.

Iranian gunboats fired ma-chine-guns and rockets at the Cypriot oil tanker Haven. The incident, which caused little damage and no injuries, was the first reported shipping attack by Tehran in a week and was in apparent retaliation for an Iraqi strike on Iranian shipping at Iran's Kharg island loading terminal on Treedey. terminal on Tuesday.

There were reports of heavy Iranian shelling of the port of Basra and other Iraqi cities,

tacks "until Iran understands that it has no other choice but to accept peace, according to UN resolution 598 ordering a cease-fire in the Gulf war."

Mr Perez de Cuellar, who is

going to Tehran and Baghdad with the full backing of the UN tanism about his mission and hope that the two belligerents would observe a temporary truce while he was in their capitals as asked to by the Council However, although Mr Peras However, although Mr Perez de Cuellar said Iran had 'accepted the concept of a cease-fire, there was widespread

IRAN SIGNALLED its determiby Saudi Arabia, which took peace mission to Iran and Iraq civilian targets in Iran. Iraq servers yesterday about his nation yesterday to co-operate Opec output about 3m barrels a by Mr Javier Perez de Cuellar, said it would continue its at-chances of success in persuadchances of success in persuad ing Iran to implement the ceas efire resolution. Iran has equivocated so far, while Iraq has said it will accept the UN order only if Iran does.

ther indications of Soviet pres-sure on Iran, and a senior Iranihead off pressure for an inter-national arms embargo against Tehran if Mr Perez de Cuellar's mission fails. China is accused by the US of being Iran's main weapons supplier.

David White reports from La Mancha on the decline of the world's garlic capital

The not-so-sweet smell of success

crosses and garlic to ward off vampires, then your safest ref-uge would probably be to cling to the cross on the church tower of Las Pedroneras, a hot dusty town in the depths of La Man-cha, 100 miles south-east of

Capital of garlic, the signs announce at both ends of town. The signs are superfluous. You smell it before you reach the

Count Dracula would, in any case, be out of his element in this town of 7,000 people, perched on a monotonous, Spanish plain. It is a long way from Transylvania. You would think it was also a long way. think it was also a long way from the Latin American debt crisis but you would be wrong. Because of Brazilian import

restrictions, the garlic-growers of Las Pedroneras and the sur-rounding region have more of the pungent smelling bulbs than they know what to do with Overnight, their main export market has collapsed.
There is nowhere else in the

families in one place dedicated to garlic," says Mr Juan Pache-co, president of the local garlic co-operative. Some 6,000 house-holds in the area depend direct-ly or indirectly on it ly or indirectly on it.

The harvest, more than half of which is exported, could nor-

People die of boredom here, but not of heart attacks'



between \$8 and \$8.50 per 10-kilo box, and European clients have

followed.
The co-operative, which with its 2,200 members and 16m kilos of garlic accounts for over a

Tempered by a tough, dry cli-mate, with baking summers and bitter winters, the garlic growers take pride in the tenacity

peels but not of the cloves themselves), of finer taste and lon-ger-lasting than the white French variety, but with a form lending itself much less easily to mechanisation. Children here learn to collect the roots

the fields at 4am.

It used to be just a familyscale business, but expanded from the early 1960s. Vines and to collect the roots from the age of eight or 10 and in July they can be seen out in the fields at 4am.

It used to be just a familyscale business, but expanded from the early 1960s. Vines and to cereals have progressively made way for goals. doubling the yield per hectare. There have been bad years, but in good years (1985-86 was one of the best) Las Pedroneras has thrived. The garlic boom even-

the expansion phase. In recognition, the town renamed a sec tion of its main street Avenida del Brasil. One Madrid business columnist, with a large measure of poetic licence, reckoned that Rio de Janeiro owed its carnival to this part of Cuenca prov-

"Addiction to garlic," he wrote, "is what gives joy and health to Brazilian mulattoes. Garlic is the aphrodisiac that permitted a race as staid and gloomy as the Portuguese to mix with the best African strains." But nobody knows if the Brazilians will come back.

Is anyone to be found in Las Pedroneras who does not like garlic? 'It's very unlikely,' says Mr Pacheco. He adds that, evidently thanks to garlie, the town has very few heart-problem

Great store is set by garlic's health-giving reputation. Mr Pa-checo and his colleagues latch eagerly on to US medical research papers that tend to back up its claims to remedial or prophylactic powers. They hope that health fads will offset the root's one great handicap de-scribed by Alexandre Dumas in his Grand Dictionnaire de Cuisine: Everyone knows the odor of garlic except the one years ago. who has eaten it and wonders why everybody turns away."

"People die of boredom here,"

fraternities, often stemmin from the West Point-style Phil ippine Military Academy, has

not only prevented promotion by merit but also breeds greater loyalty to the "class" and unit than to the state Some military observers say that the country's saving grace Mr Rafael Ileto, the new De-ence Secretary, dismisses are equally incompetent. This

equipment.

A divisive network of military decisive action from her palace

Aquino faces problem of the military

Continued from Page 1

ten likened to an escaped genie suspended in 1972. that Mrs Aquino has not been Even the coup tha able to return to its bottle after it helped put her in power in a civilian backed coup 18 months ago. In reality, it has not been in its bottle for some time.

Continued from Page 1

World Weather

Japanese trade surplus

hit by rising imports

having difficulty in deciding chain of command that by-whether Mr Arroyo - an old passed most of the defence es-friend who stood by her follow-ing her husband's assassination villan supremacy over the

Marcos was not meant to deliver to Mrs Aquino the presidency that was stolen from her, in fraudulent elections.

The original plot against Mr Mr Ferdinand Marcos, the former president, reorganised the military to ensure, not so much illusionment with corruption the security of the state, but and lack of professionalism. Mr more his personal survival. He Enrile's "RAM boys" led by Col spawned many corrupt generals Honasan have not lost the taste who supported him through a for power.

ingly shrill calls for "victories" against the NPA, Mrs Aquino is still seen by the army as "soft" on the Communists. The most riend who stood by her following her husband's assassination should go.

The Philippines military is of The Philippines military is of Suspended in 1972.

The philippines military is of Suspended in 1972.

The point hat toppled Mr

fence Secretary, dismisses many of these complaints and many of these complaints and may save the Aquino Govern-bluntly accuses officers of oper-ational incompetence. Many units, with some notable excep-units, with some notable exceptions, have not learnt the basics of how to shoot straight, move, communicate and maintain equipment.

But, meanwane, con nonasan and an unknown nuknown nuknown con nonasan and an unknown nuknown con nonasan and an unknown con nonasan and an unknown nuknown con numbers of rebuilding the state of the state

London SE sets £1 fines on settlement backlog

BY HUGO DOXON IN LONDON

creased competitiveness of imported manufactured goods.

Japanese officials have been 35.6 per cent in the first half. particularly encouraged by the while imports from the US rose

particularly encouraged by the increase in imports of manufactured goods this year.

A recent analysis by the Japan External Trade Organisation (Jetro) showed that in the first half of this year the value of imports of manufactured goods (excluding non-monetary first haif of this year the value of imports of manufactured goods (excluding non-monetary gold) rose 32.9 per cent to \$27.7bn. trend of Japan's trade surplus for imports of the current flew from the current flexal year to end-March 1988.

\$27.7bn.

The growth of manufactured imports from Asian industrialising countries was particularly strong. These imports rose 66 per cent in the first half, reflecting the increasing purphyses of electronic components of an arrelesses of electronic components.

rowing Japanese deficit con-tributed to a strong bounce in the dollar's value after its heavy losses of the past few weeks. chases of electronic compo-nents and goods from these countries by Japanese manufac-

MEMBERS of the London stock with the settlements crisis. exchange are to be fined £1 (\$1.65) a day for each bargain dating from last October's Big Bang deregulation of financial markets that they fail to settle in the next six weeks.

The fine is much lower than

some people within the Stock Exchange had been urging. They had argued that a fine of 220 or £30 was needed to en-courage members to settle their bargains more promptly. However, Mr Michael Baker, executive director for settle-ments, said yesterday that fl was sufficient. We wanted to strike a balance between im-

posing a penalty and crucifying the firm."

The threat, contained in a letter sent to members on Wednes-day, is the latest element in the exchange's strategy for dealing

In an earlier move, the exchange said all unsettled bar gains, valued at over £100,000 and more than four weeks old; would have to be settled by Au gust 28. More than two-thirds of this backlog has now been

cleared.
The exchange's settlement task force is now sifting through the reasons given by firms which failed to meet the dead-

which failed to meet the dead-line. Mr Baker said he was like-ly to take action.

He was concerned, however, that by concentrating on high-value bargains, firms might ne-glect the smaller value backlog. The exchange's letter warns that if old bargains - transacted between October 27 last year and January 30 this year - re-main unsettled after October 23, the £1 fine will be imposed,

Argentine interest freeze

Continued from Page 1

over 19 years \$30bn in principal payments, to receive \$1.95bn in new long-term loans and to renew some \$2bn in short-term

Interest rates in the package have been switched to the London Inter-Bank Offered Rate from the higher US prime rate. Earlier in the year, agreement with the IMF and the World Bank secured a further \$3.95bn in loan disbursals for 1987 and

agreements, however were calculated on the basis of

tral bank president, warned that a new approach would be needed in the foreign debt ne-

Honecker makes an emotional trip home

By David Marsh in

CRIES OF 'long live Erich' and banners calling for the demoli tion of the Berlin Wall greeted Mr Erich Honecker, the East German leader, yesterday on his emotional return trip to his bome in the Saarland.

Earlier, ou a journey to the border town of Trier, birthplace of the father of Communism, Mr Honecker declared: 'A world without Karl Marx is inconceiv-

But on a rousing and rowdy visit to the Honecker home vil-lage of Wiebelskirchen, he wit-nessed the frantic and seamier side of West Germany's competitive capitalist society.

Against the background of struggling news cameramen who had reportedly paid thousands of marks for window seat views, Mr Honecker was whisked away in his heavily guarded Mercedes to the two-storey house in the Saar

Wiebelskircheners crowded six deep in the narrow streets, hemmed in by police, and gave \$75m. Instead of 9m or 10m kilos, Brazil - by far the region's
biggest customer - has bought
only 2.7m kilos of this year's
crop. The price paid by Brazil
has dropped by half, from \$17 to

The region's speciality is purples of the colour of the dry

The dropped by half, from \$17 to

The region's speciality is purple special colour of the dry

To the oest; Las recroneras has thrived. The garlic boom evenhalted emigration to the cities.
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The Brazilian connection, in late June, is all done by hand.
The region's speciality is purple special colour of the dry

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The oest; Las recroneras has thrived. The garlic boom evenhalted emigration to the cities.
The Brazilian connection, before marrying a girl from Las protests. In a rare display of emotion, but not of heart attacks."

The oest; Las recroneras has thrived. The garlic boom evenhalted emigration to the cities.

The opple die of boredom here, says Mr Marcos Garcia Gonzalez, a domestic appliance repaired with occasional protests. In a rare display of emotion, before marrying a girl from Las protests. In a rare display of emotion, before marrying a girl from Las protests. In a rare display of emotion, before marrying a girl from Las protests. In a rare display of emotion, before marrying a girl from Las protests. In a rare display of emotion, before marrying a girl from Las protests. In a rare display of emotion, before marrying a girl from Las protests. In a rare display of emotion, before marrying a girl from Las protests. In a rare display of emotion, before marrying a girl from Las protests. In a rare display of emotion, before marrying a girl from Las protests. In a rare display of emotion, before marrying a girl from Las protests. In a rare display of emotion, before marrying a girl from Las protest

Wiebelskirchen, to which the fervently communist Ronecker family moved in 1913 when Erich was one year old, has become both a heavily televised shrine for Honecker watchers, and a symbol of the political guif which persists between the two Germanies in spite of his historic trip here this week.

Mr Hans Thul, a member of the Wiebelskirchen Catholic community who laid on a tent, re-freshments and choral singing in front of the church yesterday, summed the feelings of many:
"Mr Honecker is homesick and
has been allowed to come home.
Now the small people in East Berlin who want to come to the West should also be allowed out."

Mr Klaus Hoppstaedter, chair-man of the Wiebelskirchen council, said some local people had been pestered by cameramen of-fering money for vantage points next to Mr Honecker's old home. His 70 year-old sister Gertrud still lives there and welcomed him there for coffee yesterday af-ternoon after the two made a seatimental pilgrimage to their par-ents' grave in the leafy hillside

ents' grave in the leafy hillside cemetery.

Stories that some media teams paid up to DM29,000 (\$11,100) for vantage points from which to film, though meeting some scepticism, caused indignation among local Communists.

Underlining the mixed emotions, riot police stood by in the normally sleepy village centre as young conservatives trundled by in a placard-plastered van, calling for an end to 'dictatorship' in East Berlin.

At a fete organised by the Wie-

East Berlin.
At a fete organised by the Wiebelskirchen communists, Mr Werner Zins, leader of the pipe hand of which Mr Honecker is an honorary member, said: "People are proud that the local hero has returned."

on a grimmer note, Mr Fritz Sick, an old communist comrade in arms who first met Mr Honecker in 1928, said the much-criticised shooting of East Germans trying to escape to the West was unpleasant but necessary."

Earlier in the day, scuffling broke out in Trier as red flag waving youths tore down anti-East German flags. But most of the population seemed to regard the visit of the Honecker motorcade as little more than an inconcade as little more than an incon-

Argentina achieving a visible trade surplus in excess of \$2bn in 1967. That goal is now well off-target as a result of crop acreage reductions and falls in commodity prices reducing the overall level of exports.

Argentina is already unable to meet macroeconomic targets agreed with the IMF in July, and even before the elections government officials, including n Dr Lose Luis Machinea, the cender of the same the young Erich's sworn enemy. In the shading that "a new approach" would be strangely dejected as Mr Ho-

THE LEX COLUMN

Foreign hangover for Rolls-Royce

Rolls-Royce's arrival on the stock market does at least require it to produce interim figures, for the first time, but nothing will persuade it to give too much away. A pre-tax profit of 250m compared with £53.2m appears a reasonable advance given the sharp rise in R & D spending. With the benefit of the £277m in cash raised for the company in May profits for the

the £277m in cash raised for the company in May, profits for the year ought to reach £180m, against last year's audited £120m or pro forma £148m.

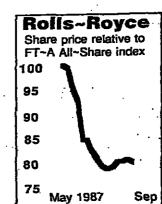
At that level, and with the shares down 3p to 195p in fullypaid form yesterday, the prospective multiple of around 10 hardly seems excessive. Aside from distant memories of 1971, and the more vivid ones of losses in the early 1980s the losses in the early 1980s, the main depressant on the rating is the fear of foreign holders be-ing forced to sell. With nearly 14 ing forced to seil. With nearly 14 per cent of the shares now registered in overseas hands, any foreigners who have still not paid the call need to move fast to sneak under the 15 per cent wire. Yet it is hard to believe that those who decided to sell other than register have not all that those who decided to selfrather than register have not already done so given the turnover in the stock and the price
weakness of late. It is far too
soon to hope that the 15 per cent
limit itself will be removed,
nonsense though it is. But if foreigners are really keen, a market might even emerge in stock
registered as held overseas.

Rowntree

For veteran followers of Rowntree, one of the regular events of the past decade has been the false dawn breaking over Europe. Yesterday's fig-ures, showing Europe in profit at the interims for the first time, are at least a reminder of what might happen were the group to achieve lift-off. The remarkable sales increases in Germany and France, coming mainly in estab-lished brands like After Eight and Lion Bar, promise a virtu-ous circle of higher volume leading to lower costs, better vertising budgets.

registered as held overseas.

Well, perhaps. The UK confectionery business has meanwhile enjoyed a cyclical up-swing due to lower cocoa prices and consequently increased volume, while the US has gone backwards as Tom's Foods is reshaped to face the competition.
The net effect for the full year
should be pre-tax of £115m, a
highly respectable increase of
almost 40 per cent after several lean years. This puts the shares



down 11p to 550p yesterday, in a remarkably grudging market on a prospective multiple of 13. This is a discount to the sector, let alone the market; but analysts are already starting to worry about next year's rising tax charge, which could pull earnings growth back to below 10 per cent

Burmah Oil Burmah Oil could do a lot

worse than change its name to Castrol to underline the extent of its transformation over the last few years. It has shed all of its excess corporate baggage and is reaping finally the benefits of Castrol's position as one of the world's leading specialist lubricant companies. More than three quarters of the 42 per cent rise in interim pre-interest trading profits is accounted for by this side of the business and continued increases in market share, particularly in the giant US market, underline the group's confidence that it can sustain 10 per cent a year vol-ume growth despite a static worldwide market.

Burmah is beating its self-imposed target of a 20 per cent re-turn on average capital em-ployed and believes that it can maintain an average growth in real earnings per share of 10 hanl, With capital spending running at £125m in the current year, its gearing, which is currently under 10 per cent, will probably double but the group still feels that it has the financial headroom for a major accorded by the yendors. quisition. Concern that this The purchasers, MEPC, now could cause the group tosquan-look to have a done a clever der its new-found financial deal. There is no daily official strength is the only charitable list for property prices, but per-explanation for yesterday's sur-haps it is time for surveyors to prisingly large drop in the share price.



Cookson was yesterday showing the analysts its lugubrious new corporate video, all about how no-one has ever heard of how no one has ever heard of the company. Its share price, meanwhile, gives it the same market value as Plessey or Brit-ish Airways. Its profit record might put it on a higher rating again, were it not for the fact that its Tioxide stake keeps growing in importance, contri-buting 50 per cent of profits at the half-way stage. But after all, the titanium dioxide price keeps rising by ten per cent a year and demand by five per cent, and Tioxide plans a 25 per cent capacity increase by 1990. Cyclical commodities are wonderful things when the cycle is heading up.

The operating companies, meanwhile, produced a very re-spectable 23 per cent profits rise in the first half, with last year's only sticky area - sup-plies to the US electronics in-dustry - apparently on the mend. Though the group's huge diversity makes forecasting uncertain, full year profits of £145m overall would put the shares - down 8p at 804p - on 15 times earnings. Since this finally represents a market ple, the re-rating may not go much fur-ther; but a company on an average multiple can carry on out-performing, provided earnings

MEPC/Oldham

Devotees of the arcane world of property valuation will no doubt find amusement in the Oldham Estates story. The same portfolio has been valued on a similar basis three times - twice as at end September 1986 and once at end July 1987 - with widely different results. The first two at 117p and 147.2p a share were disparate enough. The third at 1945p suggests a rate of increase in central Lou-don property this year that would surprise even Primrose

The serious problem, though, is that nearly 70 per cent of the put a little more science into the art.



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SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Friday September 11 1987



Anatole Kaletsky looks at First City Bancorp's blind faith in Lone Star State

Why Texas bank fell to Yankees

the occasional interference of med-failed."

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COLUMBIA COMPANIES

the sometimes explosive interplay writing on the wall for First City of Texan insularity and ambition that the fortunes of First City was already emblazoned in letters than the fortunes of First City Bancorp - the biggest, oldest, and most prestigious locally-owned bank in Houston - which was unceremoniously handed over by federal regulators to a group of Yankee financiers this week.

An an insularity and ambition was already emblazoned in letters of Texan banks have been in widely-owned bank in the bank fell into what turned out publicised danger since oil prices to be an irredeemable financial crists with the collapse of oil prices to but ultimately all of them except wards the end of 1985.

But First City did not try to follow selves, or at least their shareholders this week.

by the Federal Deposit Insurance sheet or go discreetly to the Euro-Corporation, First City will be remarkets for wholesale funds. Incapitalised into a thoroughly solstead it offered gifts of Cessna pri-

their investment in a bank whose counts. This being Texas, such gimas \$660m only three years ago and tail deposits within a few weeks. nearly \$1.5bn at its peak in 1981. Preferred shareholders will get on- premier banker to the Texas oil ly \$30m in cash for stock whose liq-uidation value was supposed to be "oil industry's ministry of finance" \$174m and bondholders will have to and it still had plenty of loyal millioaccept substantial losses.

official motto of the Republic of Te- big to fail." "First City depositors xas - a state which used to think of have been protected, and the bank itself as a land of limitless poten- will keep going. But for all practical tial, a place where the only obstructure purposes in terms of stockholders tion to ambition and enterprise was and management, the bank has

dling Feds and Yankees from Washington and New York.

Nothing could better illustrate

Yet 18 months ago, when the bank's stock still traded at around 10 times its present level of \$1.5, the

As a result of Wednesday's rescue and juggle quietly with its balance a Yankee Jeremiah. vate aeroplanes and Porsche cars to Its present shareholders, how- any of its retail clients who were ever, will lose at least 97 per cent of prepared to keep a 51m in their acmarket capitalisation was as high micks brought in \$150m in new re-First City had always been the

accept substantial losses.

As Mr William Seidman, chairman of the FDIC, said on Wednes-lost far more than it gained from

FIRST CITY BANCORP'S **FIVE-YEAR RECORD**

Assets Net income/ Loan loss 1982 16.6 120 1983 17.3

After this week's rescue, there is only one very large Texas bank left on the sick-list; the state's secondbiggest bank, MCorp of Dallas, with assets of 522bn.

Several medium-sized banks, in-Antonio, with \$3.3bn of assets, and Texas American of Fort Worth with \$6bn, are also candidates for merg-ers. But none of them, and certainly not MCorp, are now in danger of a the oil price had started falling, that shareholders can only look with en-First City type collapse," according First City made its greatest and to Ms Sandra Flannigan, an expert most extraordinary error. on Texas banks at Paine Webber.

day, in an attempt to dispel the pop-ularly-held view that the Federal that bound it so closely to its home of the Texas bank crisis may have as Commerce Bank, which ex-Government was financing another state. Practically all of the major been resolved.

others managed to pull themselves back from the brink? The answer lies largely in the management's excessive commitment to Texas, which sometimes seemed to border on blind faith.

It is easy with hindsight to blame the management for its excessive lending to the oil industry in the late 1970s. But First City was widely praised at the time for its energy expertise and became a darling of Wall Street because of the huge profits in the risky business of lending to the oil services and drilling contractors, who paid margins of two to three percentage points above those on run-of-the-mill corporate lending.

It is also unfair to suggest the management simply ignored the possibility of lower oil prices. Indeed, at a celebrated meeting it held in 1981, the bank forced some of its clients, much to their indignacluding National Bancshares of San tion, to listen to a presentation by economists predicting that oil could fall to \$15 a barrel by the middle of In fact, it was not until 1982, after

panded mainly outside Texas, First City concentrated on a market closer to home - Houston property

How the management could have ignored the obvious relationship between oil and Houston property values is a story that may emerge only when the bank's business is unrav eled by the new management, led by Mr Robert Abboud, formerly chairman of First Chicago and later president of Occidental Petroleum.

In the meantime, First City vy at the Houston's two other major banks - Texas Commerce and Alli-Aware that its energy portfolio ed Bancshares, which managed to Indeed, with the rescue of First was in danger, the bank, like others sell out voluntarily to the Yankees,

sidiary.

Erbamont, quoted on the New York Stock Exchange, currently owns 75 per cent of Farmitalia and will make a public tender offer to buy out the remaining shares. The tender, open from September 15 to October 2, will see a package of shares in Erbamont plus cash of-fered to Farmitalia shareholders. The equivalent value of the offer will be L13,500 per ordinary and L9,000 per savings share in Farmitalia, representing respective premiums of 31 and 34 per cent above the average Farmitalia share price.

first-half

earnings

fall 15.9%

The group's consolidated net prof-

it, however, was up to L243bn for the first half of 1987, against

L227bn in the equivalent period last

Debt servicing charges, however, declined from L304bn in the first

half of 1986 to L286bn as at June of

The group last night also decided

upon the terms of a public offer to be made by its Erbamont pharma-

ceuticals division for the 25 per cent

of shares outstanding in Erba-

mont's Farmitalia Carlo Erba sub-

this year.

Farmitalia itself saw its consolidated revenues decline by 3.6 per cent in the first six months of 1987 to L457bn. The consolidated operating profit at Farmitalia declined by 2.6 per cent, but with interest income and extraordinary credits from asset disposals factored in, the consolidated profit rose by around 24 per cent to L82.6bn.

Montedison Britannia Arrow buys NatWest unit trust business for £41.5m

BY HUGO DIXON IN LONDON

BRITANNIA Arrow Holdings, the Mr Keith Crowley, marketing di-UK financial services group, is to rector of MIM Britannia Unit Trust buy County Unit Trust Managers, Managers, denied £41.5m was an MONTEDISON, the Italian chemicals, pharmaceuticals, energy and National Westminster Bank's unit excessive price. He said having trust business, for £41.5m (\$68.5m) £400m in unit trusts for sale was a financial services group, last night unveiled a 15.9 per cent fall in its gross operating profit for the first six months of 1987 to L739bn

The deal was clinched yesterday could demand a high price.

after NatWest, one of Britain's main

NatWest chose to dispose of its clearing banks, had evaluated bids unit trust arm, after its decision to from about 10 other financial insti-offer independent advice through tutions, including insurance compa- its bank branches. Under the new nies, foreign banks and unit trust Financial Services Act, this meant groups. Some had offered £20m or its branches would not also have

The figures were struck on sales that declined by 2.5 per cent to The acquisition sets new levels trusts. for prices in the unit trust sector, reflecting the fact that unit trusts MIM Britannia will have £1.6bn in Group total debt as at June 30 of this year was L6,098bn, up from L5,050bn at the end of June 1986. financial markets.

County has net tangible assets of

are one of Britain's fastest-growing funds under management, making it the sixth-largest unit trust compa-Britannia is paying the equivany in Britain, Mr Crowley said.

lent of 10 per cent of County's There would be substantial economies of scale, he added, as over-

been able to sell the group's unit

As a result of the acquisition,

Perpetual, the most expensive quot- heads on research and marketing ed unit trust company, is capita- would not have to be duplicated lised at 8% per cent of its funds un- County's 14 unit trusts will be merged into Britannia's.
Mr Charles Villiers, chief execu-

£800,000 and made pre-tax profits of tive of NatWest Investment Bank, 0895,000 in the 15 months to the end intermediate holding company of last year. Britannia has therefore which owned County, said few if paid about 100 times the most re-cent year's earnings. any of the 80 people who worked for County would be made redundant.

BP regroups in US

BY OUR FINANCIAL STAFF

BRITISE PETROLEUM yesterday The re-organisation follows a pe-announced a re-organisation of its riod of major upheaval for BP's US North American exploration and operations since Mr Robert Horton, production activities following the chairman, and Mr John Production activities following the Resume new head of the uncrease completed acquisition of the whole Browne, now head of the upstream operations, were sent out from Lon-

The re-organisation of the Stan-don last year to cut the loss-making dard Oil Production Company will operations from Standard Oil. result in the loss of some 300 to 500 Mr Browne said: "By centralising jobs from closure of several district geographically and organising into offices and the concentration of strategic business units, we can staff in Houston, Texas, and at BP best take advantage of US opportu-America's headquarters in Ohio. nities."

SEC charges Allegheny Int'l

BY OUR FINANCIAL STAFF

Commission charged Allegheny International, the embattled US consumer products group, and Mr Robert Buckley, its former chairman, cord-keeping violations in connection with fringe benefits and perks given to top executives.

Mr Buckley was forced to resign in August 1988 after several share-holder suits alleged a history of corporate extravagance and waste dur-

THE US Securities & Exchange ing his tenure as chief executive of just under 10 per cent in th and chairman.

Since then, the company has been reorganising and selling aswith corporate reporting and re- sets, including its Wilkinson Sword razor business, but has been a consistent subject of takeover specula-tion following the failure of a \$500m and fully disclose the extent to buyout plan in May.

> In July Mr Irwin Jacobs, the Min-dences and aircraft, among other neapolis investor, disclosed a stake things.

Pittsburgh-based concern.

The charges are the result of a months-long investigation by the SEC. In a lawsuit filed on Wednesday in a federal court in Washington, the agency alleged that the company failed properly to record which top executives made personal use of company-owned resi-

Canadian Pacific to focus on core units

BY ROBERT GIBBENS IN MONTREAL

CANADIAN PACIFIC, the trans- Overall CP should do at least as has no acquisitions in sight that on asset disposals of C\$193m.

would absorb part of its C\$500m Mr Stinson said that, though CP Stinson, president.

the rail operation and in oil and gas, reduced its consolidated debt by he told analysts.

portation, resources and industrial well in the second half as in the conglomerate, will concentrate on first when it earned C\$277.9m, or 93 developing its four core sectors and cents a share, before special gains

(US\$378m) in cash, says Mr William wanted a fifth core sector, prices were very high and "we don't see CP is leaning heavily on its two anything out there right now."

booming forest products subsidia. The other sectors are resources, ries to underpin second-half earn-freight railway, property, steel and ings and balance uncertainties in manufacturing. The company has

This announcement appears as a matter of record only.



HE FUJI BANK, LIMITED

(London Branch)

¥100,000,000,000

Certificate of Deposit Issuance Programme

Placing Agents

Fuji International Finance Limited

Mertill Lynch Capital Markets

Salomon Brothers International Limited Shearson Lehman Brothers International

Arranged by

Fuji International Finance Limited

September, 1987



THE KINGDOM OF DENMARK

Yen 10,000,000,000 Yield Curve Notes Due 1991

In accordance with the provisions of the Notes, notice is hereby iven that for the period from 10th September, 1987 to 10th flarch, 1988, the Rate of Interest will be 4.02111% with a Coupon Amount of Yen 40.211 per Yen 1,000,000 Note. The next int

CHEMICAL BANK



American Savings and oan Association

U.S. \$200,000,000 Collateralized Floating Rate Notes Due 1996

Notice is hereby given that the Rate of Interest has been fixed at 9-3375% p.a. and that the interest payable on the relevant Interest Payment Date, March II, 1988 against Coupon No. 3 in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$4,215-07 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$4,215-07 and in U.S.\$10,537-67.

mber II, 1987, London By: Citibank, N.A. (CSS) Dept.), Agent Bank

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Kreditanstalt für Wiederaufbau

Wyllie cuts

By David Dodwell in Hong Kong

ASIA SECURITIES Inter-

national, the Hong Kong-based flagship company of Mr Bill Wyllie, the Australian

financier, yesterday sold 100m shares in Chinese Estates, a

property group controlled by Mr Joseph Lau.

The shares were sold at HK\$2.1 apiece to financial institutions in Hong Kong,

London and New York, the company said, raising HK\$210m (US\$26.9m) with-out costs and reducing Mr

Wyllie's stake in the company

from just over 30 per cent to 19.4 per cent. Mr Wyllie said the trans ction eliminates all of Asia

Securities' debt, and talked of enormous flexibility" for

making acquisitions where it has full, rather than partial,

Mr Wyllie controls BSR

the once-defunct UK group that is now one of Hong Kong's leading electronics manufacturers, and the Regal

Mr Thomas Lau, brother of Jeseph Lau, is expected to replace Mr Wyllie as chair-man of Chinese Estates.

Hotels group.

stake in

Chinese

Estates

Western Mining Corporation Limited

US\$50,000,000 9% Bonds 1992

S.G. Warburg & Co. Ltd. announce that Bonds for the nominal amount of US\$1,563,000 have been drawn for the redemption instalment due 15th October, 1987. The distinctive numbers of the Bonds drawn in the presence of a Notary Public are as

On 15th October, 1987 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the

> S.G. Warburg & Co. Ltd. Paying Agency, 6th Floor, 1 Finsbury Avenue, London EC2M 2PA

or one of the other Paying Agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 15th October, 1987 and Bonds so presented for payment must have attached all Coupons maturing after

The following Bonds previously drawn for redemption on the date stated below have not yet been presented for payment-

15th October, 1986

35210 35508 35806 36104 36403 36701 36999

INTERNATIONAL COMPANIES and FINANCE

Coles Myer lifts earnings by 20%

AUSTRALIA's Coles group, the world's second largest corporate retailer outside the US, yesterday reported despite higher taxation a generally depressed domestic retail sector.

Figures for the year to June showed a rise in after tax profits from A\$182m to A\$218.6m (US\$159.5m) on turnover which increased from A\$10.4bn to A\$11.5bn.

Earnings per share rose from 40.54 cents to 48.44 cents, and the annual dividend, fully

Mr Brian Quinn, chief increase in sales was shown in executive and chairman-elect, called the result "outstanding."

I given a 50 per cent increase in improvement was a 22 per cent general impact of government to lewer rates and the use of economic policies depressing domestic demand,

I compermanted chair in South Australia), but it closed 57 stores and sold 79 (through the disposal of Country Road). It now has 1,507 stores in operation.

On the outlook the group result as "satisfactory" result said a "satisfactory" result. domestic demand

principally to a much improved performance from the busises which were part of the Myer group taken over by G. J. Coles in a A\$1bn deal in 1985.

Profits from the Myer stores themselves rose almost two-and-a-half times, and from the

The better result was due also appears to be due to the rincipally to a much improved faltering course of Coles Myer's competitors, notably Woolworth's which recently reported a haif-year loss. Coles Myer's market share of Aus-

tralian retail sales has now risen above 20 per cent.

Some of the improvement

In the course of the year

On the outlook the group said a "satisfactory" result was expected for the first half of the current year, even though consumer spending remained soft.

No plans are yet in place for expanson abroad, a move pre-viously signalled by the listing of Coles Myer shares in London earlier this year. However, the room for the group to re-invest its cash flow in Australia is be-Grace Bros department store Coles Myer opened 86 new its cash flow in Australia is by 22 per cent. The biggest stores and bought 25 (the Bi coming increasingly limited.

Profits plummet at Australian Airlines

BY OUR SYDNEY CORRESPONDENT

for the year to June.
Figures released yesterday

show that the airline, which figures competes against the privatelyowned Ansett under the faces country's two-airline policy, craft, managed an operating profit of Curi

THE SALE of six surplus burden of A\$43m caused by the prompted intense speculation the year and topped the 5bn alreraft has countered a sharp purchase of 12 new Boeing 737 that the airline will be mark for the first time in privatised.

Australian Airlines, helping the Though this was offset by the At A39.2m, the overall profit ance.

Though this was offset by the Authorized Armines, helping the linding this was onset by the Ar Assam, the overall pront state-owned domestic carrier to sale of two Boeing 727s, three figure was 3.7 per cent higher report a record bottom line DC9s and one Airbus A-300— than the A\$37.8m reported the profit of A\$39.2m (US\$28.9m) which contributed heavily to previous year, when extraordinary earnings of ordinary items contributed which contributed heavy we extraordinary earnings of ordinary news A\$28.2m for the year — the figures underscore the difficulty it also represented a 30 per the undercapitalised airline cent return on paid-up capital of A\$130m, the airline said. It added that the expected dividend of A\$18.2m would give the "healthy"

At A39.2m, the overall profit

competitive future.

In an oblique reference to the expected end of the two-airline policy and the airline's possible privatisation, he said the airline had taken "very firm" steps to improve efficiency and profitability to prepare it for a more

country's two-airline policy, craft.

managed an operating profit of Currently a A\$600m order for plant A\$10.6m — little more than one-third of the previous balance because the carrier 14 per cent on its investments. The result reflected the added interest and depreciation budgetary constraints have record 5.1m passengers during gramme "was also under way.

Advisers to Air NZ share sale named

THE New Zealand Government has appointed a consortium of Jarden and Co., First Besten Inc FBC and Credit Suisse First Besten to advise on the sale of shares in Air New Zealand, the state-owned airline, Reuter reports from Wellington.

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The advisers will examine options available to maximise both the return to the Government from its 25 per cent stake and the value of its remaining 75 per cent holding. The consortium must complete the transaction by March 31 1988.

Nissan Iberica sales rise

NISSAN-MOTOR Iberica has increased first-half sales by 39 per cent on those for the cor-responding period last year, AP-DJ reports from Barcelona. Revenues were up by 36 per cent to Pta 50.6bn (\$420m), a gain of Pta 13.3bn on 1986

figures. The company said first-half profits were about Pta 600m and projected full-year profits of Pta 1.8bn. Sales were expected to exceed 100,000 cars.

The Spanish-Japanese com-pany, in which Nissan holds an 82 per cent stake, posted pany, in which Nissan holds an 82 per cent stake, posted losses of Pta 8.4bn last year. The Arab-Malaysian Develop-ment Bank, which owns 45 per cent of AMMB, said in March

Saptember 11 1967 Banco di Roma London Branch 14/18 Eastcheap London EC3M 1JY

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11th September, 1987

Malaysian merchant bank to seek listing

seek a listing on the Kuala Lumpur Stock Exchange at the Mr Azms end of 1987, Reuter reports banker. from Kuala Lumpur.

Tunku Naquiyuddin Tuanku Ja'afar, a leading shareholder in the bank, said AMMB had earned a pre-tax profit of 45m ringgit (US\$18m) for the year to the end of March 1987, up from 30.6m ringgit in 1985/86. Tunku Naquiyuddin is chairman of NTAH Holdings, which owns 20 per cent of AMMB.

BAKCO DI ROMA

Notice of Redemption Negotiable Floating Rate Dollar Certificates of Deposit issued 2 May 1984, due 8 May 1989, optionally callable 6 November 1987

BANCO DI ROMA

(Incorporated with limited liability in

the Republic of Italy) London Branch

London Branch

NOTICE IS HEREBY GIVEN that pursuant to Clause 3 of the Negotiable Floating Rate Certificates of Deposit issued 2 May 1984, due 8 May 1989 and optionally callable 6 November 1987 (the "Certificates of Deposit") Banco di Roma has elected to redeem on 6 November 1987 (the "Redemption Date") all of the outstanding Certificates of Deposit at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Certificates of Deposit will cease to accrue. The Certificates of Deposit should be presented and surrendered to the London Branch of Banco di Roma at 14/18 Eastcheap, London EC3M 11Y.

Caisse Nationale des

Télécommunications

£20,000,000

121/2 per cent. Guaranteed Notes 1989

NOTICE OF EARLY REDEMPTION

On behalf of the Issuer, S. G. Warburg & Co. Ltd. hereby gives notice to holders of the above-mentioned Notes of the Issuer's election to redeem all outstanding Notes on 15th October, 1987, in accordance with Condition 6(b) of the Notes.

Consequently on 15th October, 1987 there will become due and payable upon each outstanding Note 101 per cent. of the principal amount thereof, together with accrued interest to said date, at the office

S. G. Warburg & Co. Ltd.

Paying Agency, 6th Floor, 1 Finsbury Avenue,

London EC2M 2PA

or at the office of one of the other paying agents named on the Notes.

Interest will cease to accrue on all outstanding Notes on 15th October, 1987 and unmatured Coupons (whether or not anached to Notes) shall become void on such redemption and no payment shall be made in respect thereof. Notes and matured Coupons will become void upon expiry of four years from the first day of January next following the date on which such Notes and Coupons respectively become due and payable.

ARAB-MALAYSIAN Merchant that AMMB was considering of 80m ringgit and at the end Bank, based in Malaysia, is to going public. The remaining 35 of March 1986 its assets were per cent of AMMB is awned by worth 3.46bn ringgit. With Mr Azman Rashim, a prominent finance, insurance, securities

> The price-earnings ratio of AMMB shares on listing would be about eight, Tunku Naquiyuddin said, without giving details. AMMB execu-tives declined to comment.

20 per cent stake of AMMB The bank has paid-up capital have yet to approve the sale.

and leasing subsidiaries, it has

been making impressive profits

Tokal Bank of Japan has signed an agreement to buy a

since 1982.



The National Power Company **Iceland**

US\$ 40,000,000 Multicurrency Loan Facility

> Arranged by Hambros Bank Limited

> > Provided by

Algemene Bank Nederland N.V.

Banque Indosuez

The Fuji Bank, Limited **Hambros Bank Limited**

The Mitsubishi Bank, Limited The Mitsui Bank, Limited The Taiyo Kobe Bank, Limited

> Agent Bank **Hambros Bank Limited**

> > September, 1987

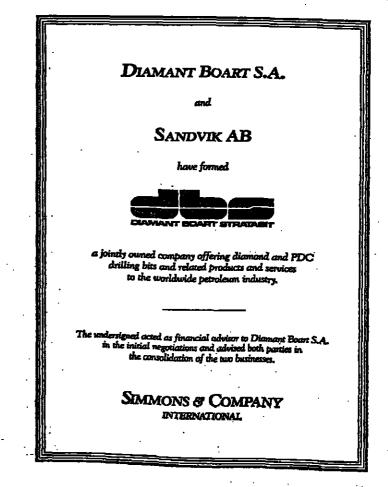
The Sanwa Bank Limited U.S. \$50,000,000.00

11th September, 1987

Callable Negotiable Floating Rate Dollar Certificate of Deposit Due 25th October 1988 Callable at the Issuers Option on the 29rd October 1987

In accordance with the terms set out in the Certificates Samwa. Bank Ltd have elected to exercise their Call option. The Certificates will therefore mature on the 23rd October 1987, and payment will be effected on the Principal amount plus Interest at 7.1875% p.a. at Sanwa Bank Ltd, London.

Sanwa Bank Limited London Branch



llie cy

8th September, 1987

National/Panasonic **Panasonic Capital Corporation**

U.S.\$300,000,000

9% Guaranteed Notes Due 1992

unconditionally and irrevocably jointly and severally guaranteed by

Matsushita Electric Industrial Co., Ltd.

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Birs. Limite

9th September, 1987



NIPPON DENKO CO., LTD.

U.S.\$70,000,000 31/4 per cent. Guaranteed Bonds 1992

with

Warrants

to subscribe for shares of common stock of Nippon Denko Co., Ltd.

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NEW ISSUE

9th September, 1987



YAMAHA MOTOR CO.,LTD.

U.S.\$100,000,000

3¼ per cent. Guaranteed Notes due 1992

with

Warrants

to subscribe for shares of common stock of Yamaha Motor Co., Ltd.

The Notes will be unconditionally and irrevocably guaranteed by

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10th September, 1987



AOKI CORPORATION

U.S.\$100,000,000

3¼ per cent. Guaranteed Notes due 1992

with

Warrants

to subscribe for shares of common stock of AOKI CORPORATION

The Notes will be unconditionally and irrevocably guaranteed by

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Westdeutsche Landesbank Girozentrale

Spain's tobacco monopoly has begun to diversify. Tom Burns reports

Tabacalera acquires a new image

atmosphere of state protectionism, would catch the cor-entry to porate equivalent of pneumonia the moment they were exposed to the cold, competitive winds of the European Comunity.

Tabacalera, the Spanish tobacco monopoly, is deter-

mined to disprove such doomladen projections. Riding high on the crest of a joint venture with Nabisco Brands España, the Spanish arm of R. J. R. Nabisco, the US multinational, Tabacalera is awash with cash and grooming

itself for further diversification. Tabacalera's position as Spain's monopoly supplier came to an end in January 1986 when the country joined the Euro-pean Community and agreed to a steady dismantling of tobacco

trade barriers.
This has forced the company to acquire new skills and new partners, of which the Pta 6.2bn (\$51m) deal giving Tabacalera a half share in Nabisco Brands Espana and taking it into food processing, is perhaps the culmination.

For RJR Nabisco the deal, announced earlier this year, provides entry into the Spanish market in partnership with a well-entrenched domestic company with an unparalleled national distribution system and — through the state paren-tage — close links with the

BY GEORGE GRAHAM IN PARIS

NEW ISSUE

CGE to buy copper wire

operation from Thomson

CGE, the recently privatised controlling stake in the finan-French telecommunications and cial holding company Generale engineering group, is to buy Occidentale, but Mr Suard said

the copper wire operations of the purchase of Thomson Thomson, the electronics com- Cuivre showed it was still

pany still under the wing of interested in mature industries. the French state.

Mr Pierre Suard, chairman of CGE, said the acquisition was existing copper wire operation.

an important step towards the will give the group total pro-

an important step towards the will give the group total prointegration of the group's cable duction capacity of 280,000
production activities.

The group has also announced the world's leading producers.
plans to sell Ceraver, its glass insulator subsidiary, to Fidenza agreements with Chile and

Yetraria, offshoot of the Italian
group Participazione Finanziere
e Industriali (PAF).
CGE recently surprised will only control about 160,000

CGE recently surprised will only control about 160,000 French analysts by buying tonnes a year of the copper from Sir James Goldsmith his wire output,

CONVENTIONAL wisdom had in the race for a major foreign a range of products that kept it that the big Spanish monostake in Spain's rich agripace with Spain's growing propolies, nurtured in the warm business.

Under the terms of Spain's quota of 150m packets of cigar-ettes was agreed, with the figure to Pta 5.8bn on sales of increasing by 20 per cent every Pta 326bn. Company executives year until 1992 when the expect even better results in

sperity and evolving taste.
Last year Tabacalera was almost embarrassingly healthy, lifting profits by 300 per cent

slowly in its new trading area.
A "step by step" approach—

as Mr Manuel Gago, Tabaca-lera's senior development executive, puts it — is very

much a byword in the company. There is talk in Madrid that about 150 potential acquisitions have come under Tabacalera's

scrutiny but there is no rush

interested in just acquiring food proccessing companies. We

to learn."

Mr Gago says: "We are not

BY SARA WEBB IN STOCKHOLM

on Monday, if not before. Fermenta's management has

owned US holding company which two weeks ago abandoned its planned SKr 1.38bn (\$217m)

Tabacalera, its morale bolstered by strong profits, is ready to meet head on the competition arising from Spain's admission to the EC

Spanish tobacco market, like 1987 following profits of all others in Spain, would become fully liberalised.

Of all the European indust-ture is Tabacalera's first major move away from tobacco and the group intends to move tries that have been spilling into Spain in the wake of the tumbling tariff barriers, the

tobacco companies have perhaps been the least succes in gaining local market share. Despite an aggressive advertising campaign only 15m packets of non-Spainsh cigarettes are being sold, a tenth of the agreed first-year quota and only a sixth of Tabacalera's own

export volume. In part, this experience has shown just how entrenched the Spanish tobacco market is. But it also reflects the painstaking planning with which Tabacalera anticipated the effects of EC

administration.

It avoided the main pitfall into the company for, as Mr decade just 50

Above all the venture gives of a monopoly company when it Gago says somewhat regretRJR Nabisco a distinct edge began, a decade ago, to develop fully, "living under a state based on tobacco.

Rubbing shoulders with the giants of BAT, Reynolds and the rest has created in Tabacalera a fixation about multina-tionalism. It is listed on the Madrid bourse and about 16 per cent of its shares are foreign owned. The Spanish Government has a controlling 50 per cent stake.

It took a step towards internationalisation earlier this year when it bought a 24 per cent stake in Tobacos de Filipinas, a Spanish trading company and a major Tabacalera supplier. An attempt to move into the

wine sector was rebuffed in June when Tabacalera narrowly failed to acquire the Williams and Humbert sherry company. While future assaults on beverages are not ruled out, the

company is currently concen-trating on the transformation of cereals, according to the guidelines of the Nabisco agreement, to produce biscuits and spacks. At the same time it is anxious

to capitalise on a overhaul of its distribution network, involving computerisation and the replacement of a staggering 570 local storage centres by just seven strategically located and massive warehouses, to move strongly into the distribution

want to buy businessmen, managers and know how. We want The company, which makes no bones about group plans to move into financial services, The real challenge is to inject an entrepreneurial spirit forecasts that within the next decade just 50 per cent of Tabacalera's revenue will be

pany was interested in acquiring a large part of Fermenta.

rements ractories and sur-sidiaries without buying shares. The company said that the halt in trading was not con-nected to "any financial diffi-culties." Fermenta was saved

shareholding link with **Agnellis** By George Graham in Paris

BSN, the leading French foods group, has cemented its alliance with the Italian Agnelli family through an exchange of shareholdings.

The two groups, which teamed up in January to buy the San Gemini/Ferrarelle mineral water concern, plan further joint acquisitions in

further joint acquisitions in the Italian foods and drink industries, in the wake of their FFr 800m (\$133m) cross shareholdings. Mr Antoine Riboud, BSN chairman, said yesterday that his company had needed a local partner to make head-

way in Italy.
The successful co-operation on the San Gemini acquisi-tion had led to discussions on further purchases and on the exchange of share stakes,

'In countries like Italy and Spain you need a godfather, and we decided to choose the best godfather possible," he

said.

The Agnelli family will take a holding of just over 4 per cent in BSN, while the French group will take 20 per cent in Itil Partecipazione, an Agnelli family holding company which controls 6.7 per cent of the Fiat motor

The transaction will involve Ifil subscribing to 223,900 new BSN shares.

The deal creates a bridge-head for BSN into the Italian foods sector, where it has re-cently been expanding its pasta interests. It brings Mr Riboud face to face with Mr Carle de Benedetti, viewed as a threat by BSN since he snatched the Bultoni food company from under its nose in 1985.

Mr Ribord said the cross shareholdings avoided con-flicts of interest when looking for future acquisitions, and gave him "his Italian pass-port." BSN and Ifil would each be likely to take 50 per cent in any future purch as they had done with San Gemini.

had done with San Gemini. It also enlarged BSN's core of friendly shareholders, which already includes investors in Spain and Belgium, he said. Mr Umberto Agnelli will join the BSN board.

Norway restricts brokers in options dealing By Karen Fossii in Oslo

NORWAY'S Ministry of Finance is restricting the grewth of the fiedgling Nor-weglan options markets by phohibiting brokers from participating until rules govern-ing trading are established. Two options markets—the Nerwegian Options Market (NOM) and the Oslo Clearing Corporation — were recently established in Norway although the Oslo Clearing Corporation is the only one to begin trading.

NOM says it will commence trading after the new regu-lations have been spelt out. early in 1988. The ministry says its move is in accordance with an Oslo boarse request made earlier this year, when a committee was formed to study the options market and make rerecommendations to

the ministry.
It would like to see the level of activity for options trading limited to private deals made with private investors, the ministry says.

The consequences of the move for the Oslo Clearing Corporation could be "hefty," the company said. It plans to meet ministry efficials on Monday.

The Oslo bourse was in-

vited by NOM to take a stake in the new market and monitor regulatory aspects. The Norwegian Brokers Associa-tion has a 45 per cent stake in NOM.

Alfa-Laval buys UK groups By Our Stockholm Staff

By Our Stockholm Staff
ALFA-LAVAL, the Swedish dairy equipment and process engineering group, has acquired three UK flow equipment manufacturers and an amiliated US sales company from Gallaber of the UK for an undisclosed sum.

The acquisitions are intended to strengthen Alfa-Laval's position in the UK flow equipment market—where it already has a small presence

already has a small presence and aid a complementary range of pumps, valves and fittings for water and sewage

yo Elec. Power 6 97 rid Bank 64 97

treatment plants.
Aifa-Laval said it would add Saunders Valve Co, SSP Pumps, and MGI, the Chicago-based sales and service company, to its existing flow equipment business divi-

flow equipment divisions are expected to lift sales at the flow equipment division by 50 per cent, to SKr 1.35n (\$189m).

MPL Pumps, which makes desing pumps and has annual sales of about SKr 30m, will be added to Alfa-Laval's dosing and analysing technical states.

BSN cements World Bank launches five year Y50bn offering

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

THE WORLD BANK plunged both in Japan, where worries

The issue, led by Nomura been selling Europe, where investors have been selling Europen paper over recent weeks.

June and carried a 5½ per cent coupon. It is priced at 101.

The yen bond market has been selling Europen paper over recent weeks.

Dollar bonds, too, staged a short covering rally, thanks to some rebound of the dollar on the foreign exchanges. But here converged to the foreign exchanges activity was slow with the been extremely shaky for some months, its latest declines sparked off by disclosures last week of heavy losses in bond futures trading by Tateho Chemical Industries.

The chances of success were

enhanced by what was agreed to be a fair pricing, and a five-year maturity, which was widely thought to be shorter than the maturity corrower had originally re-

Reflecting that, the issue was quoted at a discount less than its fees of 14 point, although there were reports of scattered trades outside that

The issue prompted some selling by retail accounts in the five- and six-year area, but otherwise prices in the Euroyen sector were little changed on Wednesday. Yields in the Japanese government bond market meanwhile, fell slightly

into the turbulent waters of the Japanese yen bond market tutions are taking a low profile yesterday, launching a Y30bn shead of the end of their issue carrying a five-year accounting half-year, and in Europe, where investors have Europe, where investors have been selling Euroyen paper

the foreign exchanges. But activity was slow with the

INTERNATIONAL BONDS

Chemical Industries.

Yesterday, though, the market transfixed by the usuabilised and Nomura launched the issue it was thought to have held off from bringing on Wednerday. The uncertainty following the market declines of the sharp market declines of the last week or so could be the main reason why a widely-expected \$1bn bond for Italy has not yet been brought to market

The talk suggested that a fixed-rate bond with a three-year maturity at 55-60 basis

not comment.

Dealers said that only such a short maturity could be Commercial de France, and the expected to find demand in issue is fungible with FFr 600m current market conditions, but of bonds issued in May 1986. if it were launched it would In London, an equity warrar probably have been substanti- issue was launched for Tok

That said, there were still predictions that retail demand would not return to the dollar bond markets until US Treasury yields passed 10 per cent. The 30-year bond was yielding 9.58 per cent late yesterday after.
noon after the day's rally.
In the West German market,
prices also rallied, by about a point on average. Much of this was due to short covering,

although some retail investors were said to have emerged. The Swiss foreign bond market was again mixed in quiet trading, while in the domestic bond market the average yield rose one basis point to

4.32 per cent.
A SFr 150m issue for Statoll, carrying a 5 per cent coupon and 16-year maturity, closed its first day's trading at 951, 41 points below its issue price. Compagnie Rancaire, the French financing company, launched a SFr 120m, five-year private placement with a 44 per cent coupon and a price of 100

Banque Paribas Treasury bond would be Nationale des Telecommunica-launched by Monday night, but thous launched a FFr 400m Credit Suisse First Boston, the issue maturing in 1996 with a expected lead manager, would not comment. variable rate coupon, currently at 8.79 per cent, and a price of 101. The lead manager is Credit

Wednesday. Yields in the Japanese government bond market, meanwhile, fell slightly to be quoted around 5.49 per cent late yesterday against 5.47 per cent the day before.

Nevertheless, attitudes to the yen market remain cautious months now.

Chirent market condutions, out of bonds issued in May 1986.

In London, an equity warrants issue was launched for Tokyo ally preplaced. They said many alley preplaced. They said many and cinema. The \$25m deal, cash-rich because they have guaranteed by Mitsui Bank, attood back from the fixed-carried a five-year maturity and interest markets for some and indicated 31 per cent coupon and was led by Daiwa Europe.

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Landis seeks Swiss financier's help

BY WILLIAM DULLFORCE IN GENEVA

AN INVITATION has been

Mr Heinz Hertach, Landis' grandchildren is currently

extended to Dr Stephan Schmidheiny, the industrialist and
financier, to help sulve family
ownership problems in Landis
and Cyr, the Swiss electronics
and machinery company, which
has just made a \$132.5m offer
for the larger part of Mark
controls Corporation of the US.

Mr Heinz Hertach, Landis' grandchildren is currently
active in the group, which
heiny's Anova group would take
thandis was sation two years ago.

Dr Schmidheiny, already a
landis board member, has
played an important role in restructuring Swiss industry in
recent years.

FT INTERNATIONAL BOND SERVICE

sted are ti	ne latest inte	enstional bond	s for which there	is an adequate	secondary market.
DOLLAR	44.	Chem			losing prices on September Cimps sa

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It has been a started maker supplied in price.

It has a summer to be supplied to redempsion of the apparant tound is in callings of correctly units except for the first be believed. Gauge on weaker.

August 27, 1987

Fermenta share trading on

Stockholm market halted

FERMENTA, the embattled objected to TRI's proposed Swedish antiblotics and methods of repaying Fermenta's chemicals group, yesterday bank loans.

halted trading in its shares on the unofficial market in it was still "willing to listen Stockholm. It said further to what TRI has to say" and information would be provided on Monday, if not before.

continued to hold discussions One possibility is that TRI with representatives of Transcould try to buy all of Resources (TRI), the privately- Fermenta's factories and sub-

bid to take over Fermenta, nected to "any financial difficulties." Fermenta was saved would have made the company's future uncertain, met with opposition from PKbanken and spew share issue raised Svenska Handelsbanken, which

Hoechst Celanese Corporation

Dillon, Read & Co. Inc.

Lazard Frères & Co.

ABD Securities Corporation Deutsche Bank Capital Merrill Lynch Capital Markets

Morgan Stanley & Co.

Salomon Brothers Inc Arnhold and S. Bleichroeder, Inc.

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Pavilioned in splendour

By William Cochrane

This week has seen property At the apex of the triangle is men queueing up to report the relatively small London Paprogress on leisure and special-villon, erected as a theatre in ist retailing developments in 1885 and used over the years as

Two of the stories concerned three key sites adjoining each other on a triangular patch bounded by Piccadilly Circus, Shaftesbury-Avenue, Wardour Street and Coventry Street which add up to a little over three acres and a present investment value of well over £100m.

The Trocadero and a neighton are Paul Marber's Grosven-bouring island site to Brent or Square Properties and property development company, for a cash consideration of £90m.

Page 15 Sec. 10 Sec. 1

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nees (ESN), the electricity sup-ply industry's pension fund, sic from 1955 onwards. which is suing Richard Ellis On the second floor, Kennedy chartered surveyors alleging Brookes will operate a restau-negligent advice on the devel- rant which, it says, will seat be-

It is certainly welcomed as a will open from 10 am until mid ray of sunshine at Ellis itself.

Sources close to the firm are Meanwhile, on the concourse saying that the all up cost to ESN of both sites, including land, construction and interest,

vilion, erected as a theatre in a live theatre, a musical hall

of £90m.

This may be seen as a blessed levels. The top three none relief by the vendors and devel- be devoted to a Rock Circus, a new exhibition by the Tussauds of the history of rock mu-Group of the history of rock mu-sic from 1955 onwards.

rant which, it says, will seat be-tween 150 and 200 people and will open from 10 am until mid-

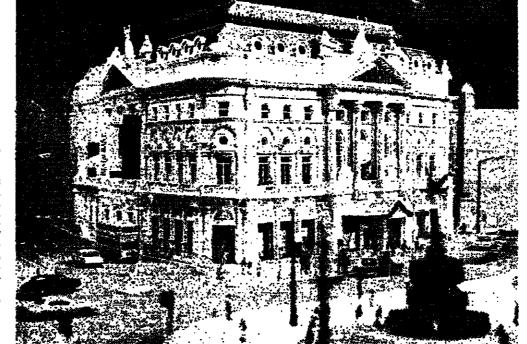
ground and first floors, joint let-ting agents Edward Erdman and Anthony Green & Spencer are marketing 14,000 sq ft net of retailing in 29 shops averaging be-tween 400 and 500 sq ft of space

The whole building only adds up to 56,000 sq ft gross but Charles Varah, an associate at Erdman, reckons it is a pivotal location, offering access by underground concourse not only to Piccadilly underground sta-tion but also to The Trocadero. the Criterion to the south, and the new pedestrian area around the statue of Eros.

The Pavilion's retailing is expected to make a strong, and highly individual showing, something which has not been an obvious characteristic of the area in the past - at least where comparison shopping has been

"Piccadilly and Leicester Square, historically, have not been regarded as retailing centres in the same context as, say, Oxford Street," says Mr Varab. Retailers themselves, in the past, have argued that the image of Soho, and hopelessly con-gested traffic, have driven cus-

However, Mr Edward Erdman himself, when he introduced development months ago, said that he nimed to transcend that image - and, with architect Nigel Woolner of Chapman Taylor, to conceive



All this should boost the retail rents, the more esoteric aspects of which are discussed on the right. Basic rents are going to be around £150 a square foot for the ground floor, where terms have already been agreed with Body Shop, H. Samuel and Acsis Jewellery.

On the concourse, subject to both letting and merchandising problems, Mr Varah is looking for basic rents at about 80 per cent of ground floor level and

the development on the lines of has agreed terms on one unit. some of the fashionable shopping centres in the Champs Elysee in Paris.

with Scribbler. The first floor, be says, will go at 50 to 60 per cent of ground floor rents. Kennedy Brookes, mean-

> with this, its first high profile venture in property. It took over the London Pavilion plc two years ago for £2.4m; recruited Ivan Stephenson as property di-rector - who had worked on a number of major sites in Piccabrought in Grosvenor Square Properties as 50 per cent share-holders and development man-

Mr Stephenson said this week that the the estimated cost of the development, excluding the original acquisition cost but in-cluding finance and freehold, is expected to be around fism.
The expected rent roll has been

Kennedy Brookes originally thought that the development might be worth £22m, prior to the conversion of the 150 year lease to freehold. Now, it says, on the basis of the Breat Walker. on the basis of the Brent Walker purchase price for The Trocadero this figure seems "signifi-cantly undervalued".

Turning over a new lease

vilion are being let on turnover leases, in which the amount of rent payable will be related to the actual turnover achieved by the tenant.

This practice is common in the US and unusual in the UK. although Capital & Counties have pioneered it in their cen-tres at Eldon Square, Newcas-tle and elsewhere - while coincidentally, ESN employed the turnover lease in letting some space at The Trocadero.

Ian Northen of Capital & Counties, writing last autumn in Shopping Centre Horizons, the journal of the British Council of Shopping Centres, said that a common criticism of turnover leases used to be that funding institutions were very conservative and would not like the additional risk of a shopping centre where income was subject to a degree of un-certainty.

He suspected, however, that the real problem was with the professional advisers: conservative valuation surveyors who were reluctant to get involved in new concepts; and ultraonservative solicitors who could not find any precedents to assist them in the legal documentation.

Whatever the cause, some sales resistance exists, and the

fact that the developers decid-ed on turnover leases for the Pavilion a year ago suggests badly want to get into these shops and secondly they see re-tailing being a gold mine in this location.

The way it will work in the Pavilion is that base rents will

be payable quarterly in ad-vance. If the agreed slice of turnover is higher than that says Charles Varah of Edward Erdman, the retailer will be liable to make a top-up payment

annually in arrears.

The base rent will be reriewed every five years. At the end of that time the rent will move to whichever is the greater of open market rental value or an agreed percentage of turnover, averaging the three best years of the previous five. In determining the turnover

rent, according to Ian Northen, the percentage should be var-ied from one type of retailing to another. A supermarket with high turnover and low margins might rate one or two per cent, while, on the other hand, a fashion trader with a high profit margin might pay

Why turnover leases? Mr Northen said that they promote partnership between landlord and tenant, rather than confrontation; that tenants will not be chosen simply on their ability to pay the highest rent; and that both landlords and tenants will share in the suc-cess and the disappointments of trade fluctuations

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DIVIDEND DECLARATION

Notice is hereby given that dividend No. 62 of 115 cents per share has been declared in South Alacan currency, as an interm dividend in respect of the year ending 30 June, 1988, peyable to members registered at the close of business on 25 September, 1987. The register of members will be closed from 25 September to 4 October, 1987, inclusive, Dividend warrants will be posted on or about 5 November, 1987. The rate of exchange at which the dandered will be converted into United Kingdom currency for payment by the United Kingdom registers, transfer and paying agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 25 September, 1987 on which foreign currency dealings are transacted.

per N. H. R. PITTS

Johannesburg 2001 (PO Box 62370, Marshali



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SOCIETE GENERALE JPY 7.500.000.000 REVERSE FLOATING RATE NOTES **DUE 1991**

For the six months, September 8, 1987 to March 7, 1988, the rate of interest has been fixed at 4,1875%.

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BANQUE 15, Avenue Emile Reuter LUXEMBOURG

NOTICE TO THE HOLDERS OF TOYO SASH CO., LTD.

Toyo Sash Co., Ltd. issued in

16 to 16 October

13 to 19 Comber

10 to 16 October

conjunction with an issue of US\$100,000,000 1%% Bonds due 1992 Pursuant to the Paying and Warrant Agency Agreement dated 30th June 1987, notice is hereby given as follows: I. On 22nd July 1987, the Board

of Directors of the Company resolved to make free distribution of shares of its Common Stock to shareholders of record as of 30th September 1987 (Japan time) at the rate of I share for IO shares held. Accordingly the adjusted Subscription Price per share of the above-mentioned Warrants will be Yen 6,057,30 per share of Common Stock, with effect from 1st October 1987 (Japan

TOYO SASH CO., LTD By: The Talyo Kobe Bank Limited Principal Paying Agent

Dated: 11th September 1987

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A 59-page booklet giving details of the index coverage and selection process, together with technical appendices, can be obtained free of charge by sending a (48p) stamped, addressed A4 size envelope to:

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KAWASAKI STEEL CORP. Japanese Yen 10,000,000,000 Reverse Floating Rate/Fixed Rate Notes due 1996

accordance with the terms and conditions of the Notes, we hereby give notice that the Yen Liber for the period from 9th September 1987 to 9th March 1988 was fixed at 416%. giving the interest Rate Factor of 10.877/360. On 9th March 1988 interest of Yen 30.213 will be due per

The Taiyo Kobe Bank Limited London Branch Agent Bank Dated: 11th September 1987

THE MITSUBISHI BANK,

LIMITED

NOTICE IS HEREBY GIVEN to the holders of

the Bonds as follows:
The Bank has issued (1) on 24th August,
1987, US\$300,000,000 Convertible Bonds Due
2002, SFr 150,000,000 Convertible Bonds Due

rensum to the terms and Conditions of the Boards, the Conversion Price has been adjusted from Y1,715.70 to CD Y1,714.30 effective as from 24th August, 1987, 70th time, to reflect the issue of the Convertible Bonds and Notes, and (2) Y1,711.40 effective as of 25th August, 1987, Tolyo time, to reflect the issue of the Shares.

28th August 1987 THE MITSUBISHI BANK, LIMITED As Principal Paying Agent

LINREAD PUBLIC
LINITED COMPANY
NOTICE IS HEREBY GIVEN that the Share Transter Books of the company will be closed on Thursday
24th September 1987 for the preparation of dividend

Clubs

CORRECTION day, 28th August 1987, we incorpublished an advertisement for dissubish Bank, Limited, together advertisement. The corporation of the c Legal Notice

No. 003312 of 1987 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION Mr Registar Bradburn IN THE MATTER OF G.R. (HOLDINGS) PLC NOTICE TO THE HOLDERS OF THE OUTSTANDING USS100,000,000 23-% CONVERTIBLE BONDS DUE 2000 OF

NOTICE IS HEREBY GIVEN that a Petil NOTICE IS MEREBY GIVEN that a Petition was as the 26th June 1987 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £3,000,000 to £2,750,000 by returning capital which is to excess of the works of the said Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Hea-ourable NY Justice Peter Gibson at the Royal Capity of Justice, Stone, London WC20 211. 1994 and SF7 250,000,000 Convertible Bonds Due 1994 and SF7 250,000,000 Convertible Holes One 1992, in each case convertible into Stares of the Bank, and C2) on 25th August, 1987, 30,000,000 Stares of the Bank through a public offering in Japan. Pursuant to the Terms and Conditions of the Bonds, the Conversion Price has been adjusted from V1.715 79 cm.

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FINANCIAL TIMES. 10 CANNON STREET, LONDON EC4P 48Y

Rolls-Royce profits up by 13%

manufacturer, earned pre-tax profits of £50m in the first half profits of £50m in the nrst name of the current year, up £7m on the comparable £53m for the first half of 1986. Pre-tax a satisfactory level, and future profits for 1986 as a whole profits for 1986 as a whole sales opportunities are plentiful."

Announcing the result yesterday, Sir Francis Tombs, chairman, said that in the period (24 weeks) turnover was up by 15 per cent from £784m to £899m, while the operating profit of £152m showed a 28 per cent gain from last year's per cent gain from last year's first half of £119m. The full 1986 operating profit was

document for

yesterday that he envisaged acquisitions, first for paper, and

then perhaps subsequent fund-raising via a rights issue. If

successful, the two men plan to retain a controlling stake in Buckley's but place out enough

The new offer document, however, was immediately dismissed by Buckley's as "very predictable—it adds nothing and is still very lightweight." In particular, Buckley's considerable of the still very lightweight.

shares to retain the listing.

6 per cent.

Buckley's

By Nikki Tait

year figures for many years. Sir Francis said that these first interim results "show steady progress, business continues at

Sir Francis said that when the company was privatised last May, it received net additional capital of £277m. At the end of the half-year the company

Japanese purchasers.

All shareholders were now close to paying the final instri-ment of 85p on their shares (by September 25).

The company was thus obliged to inform foreign shareholders that if after the final instalments had been paid the foreign holdings rose above the 15 per cent level, some would be required to sell their shares.

ROLLS-ROYCE, the aero-engine tised, has not published half- dominated, it was thought, by space had indicated that it was in the same position with foreign holdings touching the 15 per cent ceiling, and that it would like to see that ceiling raised.

Commenting on research and development spending, up by £28m to £84m, Sir Francis said this was due partly to increased activity on a number of major ventures, especially the RB-211-524D4D engine.

the by 15 per cent from £784m of the per cent and a net cash balance of £70m, while the operating profit of £152m showed a 28 commenting on the volume of £152m showed a 28 commenting on the volume of £152m showed a 28 commenting on the volume of £152m showed a 28 commenting on the volume of £152m showed a 28 commenting on the volume of £152m showed a 28 commenting on the volume of £152m showed a 28 commenting on the volume of £152m showed a 28 commenting on the volume of £152m showed a 28 comment of £152

London United rises to £5.3m Revised bid

LONDON United Investments, the specialist insurance group, achieved a 29 per cent jump in first half pre-tax profits to

£5.33m, after a big increase in
turnover from £37.4m to £56.6m.

The turnover growth was
partly due to the impact of a
£24m rights issue in July 1986. MR PETER CLOWES and Mr Guy Cramer—the two directors of financial services group, James Ferguson, who have mounted a £28.1m hostile bid which allowed Walbrook on-don United's underwriting subfor Buckley's Brewery—
yesterday published their
revised offer document and
claimed that they have a sizesidiary, to take on more busi-

ness. ondon United declared an interim dividend up 15 per cent at 7.5p. The shares closed 2p down at 763p.

The group's operating profits for the six months to June 30 rose from £5.3m to £7.3m before rose from £5.3m to £7.3 able expansion programme in view for the small Welsh

To finance the expansion—at a possible cost of £10m over two years—Mr Cramer said

After-tax profits grew 31 per cent to £3.27m. Earnings per share fell from 14.91p to 14.76p, because of the greater number of shares in issue following the July 1986 cash-call.

London United also announced that it was making a three - for - two capitalisation issue of 34,835,291 new shares.

an unexpectedly high 39 per risk managers of the Fortune cent increase in overheads from 500 US corporations to which it

£1.2m to £1.67m. ondon United supplies excess liability in-also had to take £340,000 in surance. The interim figures losses made by associate com-panies. because it books most of its income in the second half. So its 29 per cent pre-tax profits its 29 per cent pre-tax profits increase was a worthy achievement, especially since overheads were boosted by a move to new office space and by interest cost of a £10m loan from Royal Bank of Scotland. In the second half, the group can look forward to the first six months earnings from Anglo-American, its underwriting joint venture with Calfed, a US thrift institution. On a forecast full-year pre-tax On a forecast full-year pre-tax figure of £24m, the shares are trading at a prospective p/e of 11.3: still cheap.

Acorn shares plunge on interim loss of £1.4m

BY FIONA THOMPSON

11p to 53p yesterday when the company reported an interim pre-tax loss of £1.38m for the six months to June 30 1987.

tinues to express its qualms about the financing of the offer and the ability/experience of Mr Brian Long, managing director, said the loss was because the company bore all the production and launch costs of its new Archimedes computer the two men in managing a rewery.

Mr Clowes and Mr Cramer have taken their stake in Buckley's to around 31.5 per cent. Yesterday, Mr Cramer said he hoped to be back in touch with Whitbread which holds system during the period with-21.7 per cent; Whitbread Investment Trust has a further

Lebowa Platinum Mines

Limited

("LEBOWA PLATS") (Formerly Atok Platinum Mines (Proprietary) Limited)

Registration number 63/06144/06

Rustenburg Platinum

Holdings Limited

Registration number 05/22452/06 (Both companies incorporated in the Republic of South Africa)

Proposed rights offer of shares in Lebowa Plats to

its members and a renunciation by RPH to members

of RPH, Lebowa Development Corporation Limited ("LDC") and Nationals of Lebowa

It was announced on 29 July 1987 that an agreement had been finalised in terms of which Lebowa Plats will investigate the establishment of a new mining operation on the farm Maandagshoek, expand the mining operations at the Atok mine and seek a listing on The Johannesburg Stock Exchange ("JSE"). In terms of the agreement RPH will transfer 7.5% of the existing share capital in Lebowa Plats to the LDC as consideration for certain contributions and oblimitions.

Subject to the transactions detailed below, the existing shares will be converted to another class of shares that will not share

In order to finance the expansion of Atok's mining operations,

Lebowa Plats will make a rights issue of 86 157 796 ordinary shares of one cent each to RPH (92.5%) and the LDC (7.5%) at 130 cents per share. This will raise approximately R112m RPH will renounce at 145 cents per share as set out hereunder, its full entitlement to subscribe for shares (92.5% of the total issue). The total amount payable by the renouncees is therefore 275 cents per share.

(a) to RPH members 68 926 237 ordinary shares (80% of the total issue) by way of a renounceable letter of allotment on the basis of 55 shares for every 100 shares held in RPH;

(b) to the LDC, 4307889 ordinary shares (5% of the total issue); and
(c) to Nationals of Lebowa, Lebowa National Education Trust

As a consequence of the above transaction, RPH will realise approximately R116m as compensation for effectively relinquishing its 92.5% ownership of the existing Atok mine. It is the intention of RPH to declare a special dividend of 90 cents per share which represents a major portion of the

The issue is subject to the JSE granting listings of the renounceable (nil paid) letters of allocation (applicable only to the renunciation by RPH to its members) and the ordinary shares of Lebowa Plats.

An application will be made to The Stock Exchange, London ("SEL") for listings of the shares (nil paid) (applicable only to the renunciation by RPH to its members) and the ordinary

Lebowa Plats shares will not be registered with The Securities and Exchange Commission, Washington D.C., or the Securities Commission of Canada and accordingly no offer is being made to persons with registered addresses in the United States of America or Canada. The rights which would otherwise have been allocated to such persons will, if possible, be sold on their behalf and the net proceeds will be remitted to them.

The circular to RPH members, which will include the renounceable (nil paid) letter of allocation, and the Lebova Plats prospectus are being finalised and will, subject to the rules, requirements and procedures of the JSE and SEL, be available towards the end of October 1987.

and Lebowa Training Trust 6 461 835 ordinary shares (in aggregate, 7.5% of the total issue).

certain contributions and obligations.

in the future profits of Lebowa Plats.

RPH will renounce as follows:

shares of Lebowa Plats.

Johannesburg

10 September 1987

Acorn Computer shares plunged second quarter as customers 11p to 53p yesterday when the waited for the new product company reported an interim Acorn, based in Cambridge, was rescued by Olivetti after a sales slump in 1985 and the Italian company has an 80 per cent stake.

The company made a loss in the first half last year of £140,000 on sales of £19.6m, though by year-end it had reout receiving any revenue from turned to profit of £1m on sales the new product, which went of £46.6m. Turnover this time on sale at the end of June.

Also, receipts from the 2.1p against last time's loss of Master series of microcomputers slipped during the again not paying a dividend.

Continental

Microwave ahead All-round growth at Contin-ental Microwave (Holdings), USM-quoted specialist in microwave technology, helped taxable profits to jump from £963,000 to £1.26m in the year to June 30 1987. Turnover moved up from £10.98m to £14.55m.

The directors proposed a final dividend of 1.8p, making a total dividend of 1.8p, making a total of 2.8p for the year. Last time Continental paid an adjusted final of 1.375p for a total of 2.25p. After higher tax of £429.000 (£416,000), earnings per 25p ordinary share rose from 87p to 12.6p or from 9.2p to 12.5p on a fully diluted basis. The chairman said that he foresaw continued growth foresaw continued growth

Holmes and **Marchant shares** slip back 25p By David Waller

Shares in Holmes and Marchant, the below-the-line mar-keting consultant, slumped yesterday after the company issued a statement saying that full-year profits would be less

It gave three reasons for this: the move of two of its divisions to new premises dur-ing the second half; invest-ment in new computerised design equipment; and the deferral of expenditure by certain clients

The initial impact on profits in the current year will be greater than expected."

The shares fell by 25p to 415p, and analysis downgraded their full-year forecasts from £3.1-£3.2m to about £2.7m.

Viking Packaging

Shares in Viking Packaging fell 25p to 195p yesterday after the company said pre-tax profits this year would be lower than those for last because of increases in raw material costs. Viking, which joined the main market in January, made pre-tax profits of £1.27m for the year to the end of last Septem-ber. Its latest figures, for the half year to the end of March, showed profits up 25 per cent at £576,000.

Ensign sets up new trust and calls for £47m

Ensign Trust, the aggressive investment trust controlled by the Merchant Navy Officers Pension Fund, is to move its £65m portfolio of unquoted and development capital in-vestments in non-European and non-UK companies into 2 new investment trust vehicle. It is also asking shareholders to put in a further £47m by way of a rights issue of the new trust's shares.

The new trust, initially worth fil2m, will be called CDFC Trust, and its shares will be listed on the main market. Ensign boosted its involvement on the unquoted investment side when it acquired Commonwealth Development Finance Company last year; CDFC's investments have subsequently been amalhave subsequently been amalgamated with Ensign's, as the management team.

The eleven largest holdings will account for two-thirds of the portfolio transferred and they include a 6.5 per cent stake in Berkley Govett, 40 per cent of Swire Aviation, and interests in Transcontin-ental Services, CDFC-Berkley and the India Fund.

In return for the portfolio, Ensign will get a 51 per cent stake in both the new trust's ordinary shares and its 6½ per cent convertible unsecured

The rights issue involves a further 49m ordinary shares-being offered at 70.3p, or 85 per cent of the attributable per cent of the attributable net asset value of the trust after the rights issue—and £14.7m of lean stock being offered at par. The new securities are being sold in "units"; each one consists of 10 CDFC Trust shares and £3 accident of lean stock Shares. nominal of loan stock. Share-holders are entitled to 1.667975 units for every 100 ordinary or "B" ordinary shares held.

The major shareholder in Ensign is the Merchant Navy Ensign is the merchant Navy Officers Pension Fund, with about 80 per cent of the shares. It will take up its rights in respect of 60 per cent of its shares, giving it 24 per cent of CDFC. The halance of the entitlement will be placed.

Investment checks Isotron advance

Isotron, gamma radiation services, reported a slight improvement ofits from £1.48m to £1.58m for the 12 months to June

The check to Isotron's advance was due to sub-stantial cash investment dur-ing the year in the building of the new processing plant at Daventry with a resultant reduction from £236,000 to £121,000 in interest income. Turnover rose from £3.14m

to £3.53m and the operating profit from £1.25m to £1.46m. Tax of £470,000 (£429,000) left earnings per share of 9p

A final dividend of 1.2p (1p) makes a total of 1.8p (1.5p).

Rowntree lifts interim profits by 83% to £38m

increasing pre-tax profits by 83 per cent from £20.8m to £38.1m for the 24 weeks to June 20. The directors said that con-

fectionery profits (without the Sunmark US candy business acquired last autumn) rose 52 The most profitable single

market for Rowntree's products, which include snack foods and grocery products, continues to be the UK which contributed trading profit of £21.8m (£18.5m) but the rate of growth was much faster in North America where profits almost doubled to £15.7m (£8.1m). Europe returned a profit of £4m compared with a loss of £600,000 for the corresponding period last year.

"Confectionery performed well," he said. "There was growth in sales and profits, and we achieved satisfactory market share increases in the UK and

"In continental Europe the strong 1986 performance continued with sales volumes eriod last year. in the biggest markets, Germany Earnings per 50p share were and France, 18 per cent and

Rowntree, the York-based confectionery manufacturer, ex-directors declared an interim summark, our US candy directors declared an interim business, made a first-time dividend of 5p (4.4p).

Turnover for the group (formerly Rowntree Mackintosh) was up by 22 per cent to £609.2m (£500.2m), the UK contributing £281.3m (£213.3m), North America £132.3m (£125.9m), Europe £138m (£125.9m), Europe £138m (£107.8m) and the rest of the world £57.6m (£53.2m).

Mr Kenneth Dixon, chairman, said the half-year had been one of the strongest in the group's trading history.

"Confectionery performed trading reafferted an encouraging group trading reafferted.

group trading performance, which supported the directors expectations of good results for the full year.

Taxation amounted to £8.3m (£4.8m) and interest paid was slightly lower at £8.5m (£9.1m). Attributable profit came : to £29.8m (£16m).

Oldham's assets get boost

elsewhere.

ONLY TWO days after an independent property valuation at chunk out of reported assets, an up-to-date valuation by the arrangement, retained earnings chunk out of reported assets, its existing low-cost funding an np-to-date valuation by the company's own valuers, Bernard Thorpe and Parmers, has sent the figure soaring ahead again.

The Oldham board committee advising shareholders on the MEPC takeover hid for the company says that the revaluation pany says that the revaluation leaves assets at £654m or 195.4p per share, an increase of 32.1 per cent in ten months over the last balance sheet figure of 147.2p. Two days ago, a revaluation of Oldham's investment properties for the purposes of the MEPC bid indicated net assets per share of 117p at September 30, 1988.

A note from the committee's merchant bankers, Schroders, explains some of the discrepancy. The up-to-date asset

base date.

not wholly-owned.

The balance sheet net asset value at September 30 1986, it adds, included development properties at cost, not value, and took no account of the benefit to Oldham of its low-cost funding arrangements.

resulting from the Debenham Tewson and Chinnocks valua-"surprisingly low," and implies that it is virtually irrelevant given the amount of time which has elapsed since its

It says that it will be writing to Oldham shareholders shortly, advising them as to whether the yshould accept the offer. It says that its advice to share-holders will be influenced by MEPC appearing to have secured control of Oldham "on

to Oldham of its low-cost funding arrangements.

The committee also says that conditions have changed in the property market since last September. It says that the market has been buoyant in general and rising particularly in central London, where a large part of the Oldham portfolio is concentrated.

It describes the asset value secured control of Oldham "on terms which are disadvantageous to Oldham shareholders."

In the City last night, the interpretation of this last remark is that Mr Hyams will still refuse to accept the offer for his 30 per cent holding which, with MEPC already owning 68.9 per cent, represents nearly all of the shares outstanding.

Richardsons buys John Holt

payment of £40,000 cash. Depending on whether profits at Holt for 1987 equal or exceed £500.000 the maximum consideration will amount to about £4.8m and the minimum to £3.8m.

Mr David Burnet, Richard-sons chairman, said: "This is the acquisition we have been seeking. Holt represents an exciting step in the development of Richardsons steel stockholding business at a time when the overall business environment for steel stock-

holding is favourable." Since the end of 1984 profits at Holt have risen from £137,000 to £309,000 for the first half

Richardsons Westgarth, engl., of 1987. Net assets at the end performance," Mr Burnet said. ineer and stockholder, is buying of the first half totalled £1.02m.

John Q Holt, steel stockholder, Richardsons has sold Burgess and selling its central heating to Parkfield Group, an engldistribution business, Burgess neering and distribution group, fits in the steel stockholding heating Merchants. It has also revealed taxable profits up from £25,000 to £90,000 in the first half of the year.

The consideration for Holt about £300,000 and has also will be satisfied by the allotment of up to 5.45m new shares

The consideration for Holt about £300,000 and has also borrowings with cash on deposit.

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Mr Burnet said that Richard-sons' improvement was due to

cash balance will increase by £7.55m to £5.16m, Earnings per about £1.7m. share rose from 0.2p to 0.7p.

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"Burgess is not of an ade-Mr Burnet said that the comquate size on its own, to achieve pany expected to resume the the economies of scale necespayment of dividends with a satisfactory final for 1987.

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In the case of holders of bearer certificates with coupons this interim dividend will be payable against surrender of coupon No. 182 on or after 22nd September, 1987, at the offi-

N.M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU

on business days between the hours of 9.30 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange current in London at 2 p.m. on 15th September, 1987, in the case of coupons presented on or before that date, or on the day of presentation in the case of coupons presented subsequently. Coupons must be accompanied by a presented tation form, copies of which can be obtained from N.M. Rothschild & Sons Limited. In the case of shares of which the dividend sheets were, at

In the case of shares of which the dividend sheets were, at the close of business on 11th September, 1987, in custody of a Depositary admitted by Centrum voor Fondsenadministrate B.V., Amsterdam, this interim dividend will be paid to such Depositary on 22nd September, 1987. Such payment will be made through the medium of N.M. Rothschild & Sons Limited, after receipt by them of a duly completed CF Dividend Claim Form. Dividend Claim Form.

Where under the double tax agreement between the United Kingdom and the Netherlands, 15 per cent Netherlands dividend tax has been withheld, the 15 per cent Netherlands tax is allowable for a resident of the United Kingdom as a credit is allowable for a resident of the United Kingdom as a credit against the United Kingdom income tax payable in respect of the dividend. The deduction of United Kingdom income tax at the reduced rate of 12 per cent instead of at the Basic Rate of 27 per cent represents a provisional allowance of credit at the rate of 15 per cent.

Where appropriate, the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income

The Hague, 10th September, 1987. THE BOARD OF MANAGEMENT

KOREA FIRST BANK

U.S.\$50.000.000 Floating Rate Notes Due 1996

In accordance with the provisions of the Floating Rate Note, notice is hereby given as follows:

Interest Period

:September 11, 1987 to March 11, 1988 (182 days) Rate of Interest :87/16% per annum



Coupon Amount : US\$4,265.63

LTCB Asia Limited

per denomination

(US\$100,000,000)

Carteret SAVINGS BANK 🖪

Collateralized Floating Rate Notes Due 1996 of which U.S. \$125,000,000 is being issued as the Initial Tranche

Interest Rate

83/16% p.a.

U.S. \$4,139.24

Interest Period 11th September 1987

Interest Amount per U.S. \$100,000 Note due 11th March 1988

Agent Bank

BANQUE PARIBAS



U.S. \$400,000,000

Undated Subordinated Floating Rate Securities

In accordance with the provisions of the Securities, notice is hereby given that for the interest period 11th September, 1987 to 11th December, 1987 the Securities will carry an Interest Rate of 71/6% per annum. Interest payable value 11th December, 1987 per U.S.\$1,000

Morgan Guaranty Trust Company of New York London

Security will amount to U.S.\$19.91 and per U.S.\$10,000 Security will amount to U.S.\$199.06.

LVMH

SHAREHOLDERS APPROVE MERGER

To facilitate the exchange of chares, a six-for-five stock split will be voted on by the board of directors of LVMH at its next meeting on September 16, 1987 If approved:

The exchange of shares will commence on October 23, 1987 at which time trading in the new LVMH Moet Hennessy Louis Vuitton shares will begin on the Paris Bourse. Until that date, the shares of the two companies will continue to

Combined sales of the new company for the seven months ended July 31, 1987 reached 6.4 billion French Francs, an increase of 18.4% over sales for the same period in 1986. Most segments are ahead of plan for the year to date.

MOET HENNESSY . LOUIS VUITTON

At meetings held in Paris on September 2, 1987 shareholders of Moët Hennessy and Louis Vuitton ted to approve the merger announced by both companies in June. The company is henceforth called LVMH Moët Hennessy Louis Vuitton. Shareholders also ratified the exchange ratio of one Moët Hennessy share for 2.4 Louis Vuitton shares.

 Shareholders of Louis Vultton will receive one share of LVMH in exchange for two shares of Louis Vuitton; Shareholders of Moët Hennessy will receive six shares of LVMH for five shares of Moët Hennessy.

be quoted separately.

U.S. \$250,000,000

Credit Suisse First Boston Limited

UK COMPANY NEWS

Guinness **Peat** responds to **Equiticorp**

Holt

Carrell 法主 Control Stable by Comment Ville Control of the contro

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IGS

erlandsch

made after pre-tax provisions of £9m for bad debts and expected property losses.

An extraordinary debit of £3\text{m} to cover the closure of Guinness Mahon Singapore and the first section of the first section.

the £1m cost of the recently abandoned management buy-in

abandoned management buy-in scheme for the merchant bank would also be made.
Equiticorp described the forecast as "disappointing."
"This is a little below the earlier profits' forecasts of many brokers and once the Forstmann-Leff acquisition, made at the start of this financial year, is factored in a more valid comparison would to £26m not £18m."

The GPG defence document

The GPG defence document claimed that Equiticorp had contributed nothing to the group since obtaining two board seats and have now been asked to resign, and that the New Zea

to resign, and that the New Zealanders had said nothing about their future intentions.

Expressing surprise at the first allegation, Mr Peter Hunt of Equiticorp said that there had bee nno board meetings that it would have been proper for them to attend in the two months since they had won representation. "However, we have made one important contribution—we saved GPG a lot of tion-we saved GPG a lot of money by successfully blocking the Guinness Mahon deal."

All-round growth helps Cookson to £69m midway

Equiticorp

By Terry Povey

Guiness Peat Group yesterday gave itsmeasured response to the hostile £338m bid from the half year to June 30 advanced from £43m to £58.8m, in imcrease of 60 per cent compared with the 27 per cent in 1988, GP said the 110p-share offer ignored the banking and investment group.

"This is an opportunistic on the cheap," said the UK group. Mr Michael Kerry Dineen, managing director, said that the forecast had been made after pre-tax provisions of £9m for bad debts and process was made in the lithor propers was made in the lithor.

In that division.

The chairman concluded that the successful rights issue in the successful rights issue in the successful rights issue in the proper cent companies of profits of related companies of the successful rights issue in the successful rights issue in the successful rights issue in the proper cent companies of profits of the successful rights issue in the successful rights issue in the

may be registered offshore to minimise tax.

The offer document also dis-

closes that Pleasurama intends to provide a total of \$90m

(£55m) in capital investment to

the US company in the years 1988-90.

Pleasurama unveils Earl deal

PROFIT-LINKED options could To achieve this, the new lay to £3.2m).

ector. Based on the formula pub-

allow Mr Robert Earl nearly to company — which initially will Mr Earl will also receive a treble his investment in a new hold President's existing US 5 per cent gross dividend on US company to be set up after Pleasurama, the casino and hotel operator, takes over have to increase pre-tax profits President Entertainments, the restaurant group of which he is chairman and managing director.

To achieve this, the new lay to £32m).

Mr Earl will also receive a 5 per cent gross dividend on his original £2m investment, worth £100,000 a year.

Pleasurama will transfer the Florida assets to the new company in return for an estimated £16m in debt securities. period).

This growth rate would allow lished in the offer document This growth rate would allow for the recommended £63m bid. Mr Earl, who will initially Pleasurama would buy out Mr invest £2m in cash for a 12.5 Earl's minority in the new company for a maximum of £9.5m options to raise the holding to after 1992. (See table).

PROPOSED PROFIT-LINKED SHARE OPTIONS IN **NEW US COMPANY**

PROPOSED	NEW US COM		PI IONS IN	Pleasurama's equity invest- ment would start at £14m, but could fall to £12.8m depending
Annual % pre-tax profit growth 20 35 40 or more	Robert-Eart's % stake by 1992 12.5 17.5	His total investment £2.0m £2.8m £3.2m	Pleasurama buys his stake for £3.14m £7.18m £9.57m	on how many options Mr Earl is allowed to exercise. This is almost exactly equal to the company's total pre-tax contribution to Pleasurama in 1988-92 if it achieves 40 per cent profits growth each year.

money by successfully blocking the Guinness Mahon deal."

With the argument between both sides now centring manily on value, one banking analyst commented that "the most important thin gis that earnings this year are likely to rise 40 per cent to 8½p a share." At this level the bid represents a multiple of "only 13 times this year's earnings,"

The figures are illustrative based on President's expectation that the US activities whill show pre-tax profits of about £1m in 1987. Robert Earl can exercise options to buy 1 per cent of Newco from Pleasurma-in any year in which Newco increases pre-tax profits in dollars by 35 per cent (40 per cent growth allows his to buy 15 per cent). If the growth falls short in any year, the relevant options can still be exercised if compound annual growth over the 1983-1992 period reaches the target figure. The figures assume unchanged dollar/sterling rates and that the US activities whill show pre-tax profits in any year, the relevant options can still be exercised if formound annual growth over the 1983-1992 period reaches the target figure. The figures assume unchanged dollar/sterling rates and that the US activities whill show pre-tax profits of about £1m in 1987. Robert Earl can exercise options to buy 15 per cent (40 per cent growth allows his to buy 15 per cent). If the growth falls short in any year, the relevant options can still be exercised if formound annual growth over the 1983-1992 period reaches the target figure. The figures assume unchanged dollar/sterling rates and that the US and the process options to buy 15 per cent (40 per cent growth allows his to buy 15 per cent). If the growth falls short in any year, the relevant options can still be exercised if formound annual growth over the 1983-1992 period reaches the target falls short in any year, the relevant options can still be exercised if formound annual growth over the 1983-1992 period reaches the target falls and the process can still be exercised in the process options to buy 15 per cent (40 per cent of Newc

GEC calls off partial offer for **PFPUT**

GEC Pension Fund yesterday abandoned its partial offer for 51 per cent of Pension Fund Property Unit Trust, the £223m property investment vehicle the future of which has been in the balance for six months.

Warburg Securities, which attempted to pick up units on behalf of the pension fund on Wednesday, said last night that the offer had not been reopened yesterday and was now with-drawn. Warburgs had been offering £3,150-£3,200 per unit.

That appeared to be slightly below the estimated minimum of £8,251 which unit holders are being offered following a bid by Mountleigh, the fast-growing property group, to buy the portfolio for £263m. Unit holders are due to vote on Monday on the Mountlelgh deal, which has the backing of PFPUT's committee of manage-

However, the GEC pension fund had argued that its offer represented money immediately, whereas the Mountleigh deal involved a payout in Octo-ber and a very small proportion of the total sum delayed even pany in return for an estimated £16m in debt securities. Although the headquarters will remain in Florida, the company

Yesterday, however, Moun-leigh undertook to indemnify prepared the second of the sec unith olders to receive the bulk of the money offered—£3,200 a unit—on September 29. Any balance over that—previously estimated at £51 per unit—would then be paid as soon as

practical. Yesterday Mr Tony Clegg, Mountleigh's chairman, said he believed that the estimate was on the conservative side and the total payment would ulti-mately exceed £3,251. 1988-92 if it achieves 40 per cent



INTERIM RESULTS

•	Six months to 30th June, 1987 2009's	Six months to 30th June, 1995 2000's	Year to 31st December, 1986 2000's
Turnover	56,614	37,407	105,429
Operating profit	7,335	5,330	18,654
Group overheads	(1,667)	(1,200)	(2,409)
Share of (losses)/profits of associated companies	(340)	2	(406)
Group profit before taxation and extraordinary items	5,328	4,132	15,839
Texation	2,060	1,656	5,970
Group profit after taxation	3,268	2,476	9,869
Minority interests	1 <u>2</u>	79	78
	3,256	2,397	9,791
Extraordinary items and transiers to reserves	<u>(8)</u>	(100)	(337)
Profit available for distribution	3,248	2,297	9,454
Cost of dividends	1,742	956	3,933
Earnings per share	14.76p	14.91p	52.03p
Dividends per share	7.50p	6.50p	20.00p

1987 to shareholders on the register at the close of business on Thursday, 24th September,

Copies of the Interim Report may be obtained from

3. The results for the six month periods to 30th June, 1995 and 1997 are unaudited

Vickers da Costa bounces back

BY NIKKI TAIT

fund. two funds which it lost — InAcorn Investment Trust is being set up via an offer for to Australian-based investment

OUT, but not down—Vickers da subscription, and subsequent vehicle, Panfida, and General Costa may have lost its two placing, of up to 40m £1 shares. Funds, which was taken over totalled around £150m, to predators earlier this year but it is bouncing back with a new subscription, and subsequent vehicle, Panfida, and General Funds, which was taken over by Rosehaugh.

There will be heavy concentration on Far Eastern investing the similar to that of the ments, notably in the smaller

will be similar to that of the ments, notably in markets.

This time, however, the three

Profit before taxation. £ millions.

> In our 21st consecutive year we're still growing up... and up...

BTR PLC, SILVERTOWN HOUSE, VINCENT SQUARE, LONDON SWIP 2PL, TELEPHONE 01-834 3848.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange It does not convolve an implication to the public to subscribe for or purchase any strains.

SEACON HOLDINGS plc (Incorporated under the Compenies Act 1985. No. 2022734)

Ordinary Share Capital

The issued and to be issued ordinary share capital of Seacon Holdings pic is stated on the basis of acceptances received by 5.00 p.m. on 4th September, 1987 as a result of which Seacon Holdings pic owns, directly or indirectly, 100 per cent, of the issued share capital of Seacon Limited and 91 per cent, of the issued ordinary stock units of The Mittori Docks Company.

Through its subsidiaries, Seacon Holdings pic owns and operates a fleet of specialised cargo vessels, a cargo handling terminal in the Port of London and docks at Milford Haven as well as having interests in road hautage, storage, distribution and hotels.

The Council of The Stock Exchange has granted permission for the issued and to be issued ordinary share capital of Seacon Holdings pic to be traded on the Third Market. Dealings in the shares will commence on 14th September, 1987. Particulars of Seacon Holdings pic may be obtained during usual business hours from its Sponsor, Guidelnouse Securities Limited, up to and including 25th September, 1987 and are also available in the Extel Third Market September.

Isotron 1.2
John Laingint 2
Ldn Utd Invint 7.5 Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing forscrip issue. † On capital (£2.67m). Final dividend 0.95p increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. § Third market. § To reduce disparity. Earnings per share 3.57p * 16-month period. † FI per share gross.

Allied Lendon Props ... 1.9
AB Portsint †2.5
Burmah Oilint 6
Campari Intint 1.5
Continental Microwave ‡1.8 8.75 1.5 1.8* 1.55 Cookson Groupint 44
Alan Cooperint 1.5 DPCE t1.5 English & Scottish int 0.55

DIVIDENDS ANNOUNCED

Directors of the new trust will comprise Mr Ralph Vickers, former chairman of General Funds, Mr Roger Nod-

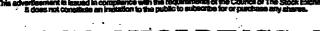
and formerly on the board of IIS, and three academics, Professor Robert Neild, Professor John Kay and Mr Hashem Persaren, of Trinity College, Cambridge.

executive directors — which excludes Prof Kay and Mr Persaren-also see a performance-related bonus scheme: they are entitled to one-tenth of any excess over 5 per cent by which the value of the company's portfolio outperforms the All-

Share Index.

If, say, the portfolio beats
the index by 10 per cent and is worth £50m, they would share £250,000. If the performance of the company's portfolio falls below that of the index, the gap must be recovered before the formula operates.

THOMAS WALKER (manufac turer of metal buckles and fasteners for the clothing industry): Pre-tax profits £329,190 (£272,833) for the year to June 30 1987. Sales £2.90m (£2.87m). Final dividend 0.95p



TRADING ON THE THIRD MARKET

Issued and to be issued tully paid £1,598,653 in ordinary shares of 25p each The offers by Seacon Hoklings pic for the whole of the Issued share capital of Seacon Limited and all the issued ordinary stock units of The Millord Docks Company became unconditional in all respects on 9th September, 1987.



The "Shell" Transport and Trading Company, Public **Limited Company**

Interim dividend 1987

Notice is hereby given that a balance of the Register will be struck on Thursday, 1st October, 1987 for the preparation of warrants for an Interim Dividend for the year 1987 of 16-5p per 25p Ordinary Share payable on 5th November, 1987.

For transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Pic, Registrar's Department, Goring-by-Sea, Worthing, West Sussex, BN12 6DA, not later than 3.00 p.m. on 1st October, 1987.

SHARE WARRANTS TO BEARER

The Coupon to be presented for the above dividend will be No. 177 which must be left at Lloyds Bank Pic, Registrar's Department, Issue Section, 11, Bishopsgate, London EC2N 3LB, at least five clear days for examination, or may be surrendered through MM, Lazard Freres. Paris.

CHAIRMAN'S COMMENTS.

on current projects and reduced launch aid.

Results

13% up on 1986.

for the 24 weeks to June 13, 1987

Research and development (net) Interest payable and similar charges

Taxation (including 1987 ACT £5m)

Profit attributable to shareholders Dividends - Interim proposed

Earnings per ordinary share Nil distribution basis

Profit before taxation

Profit after taxation Minority interests

Retained profit

NOTES 1. Turnover Civil Aero Military Aero Industrial and Marine

Net basis (if different)

Operating Profit

Industrial and Marine

Civil Aero Military Aero

Prospects

Dividend

BY ORDER OF THE BOARD

D. W. Chesterman Company Secretary

1987 Interim Report

capital of £277m. At June 13, 1987 the Group had a net cash balance of £70m.

The Company was floated on May 20, 1987 and at the same time received net additional

. A continuing high level of activity produced an operating profit of £152m, 28% up on 1986. R & D (net) charges of £84m were 50% higher than in 1986 due to both increased activity

Interest charges for the period were £8m (1986 £10m) and profit before tax of £60m was

The directors have declared an interim dividend of 1.75p per ordinary share. This will be

Business continues at a satisfactory level and sales opportunities are plentiful.

paid in early December 1987 to those shareholders on the register on November 6, 1987.

(8)

38

8.3p

784

119

100

% оп

16

UNAUDITED GROUP PROFIT AND LOSS ACCOUNT

Shell Centre London, SEÍ 7NA 10th September, 1987

Lubricants push Burmah to £61m at interim stage

the six months to June 30 1987.

Pre-tax profits climbed from
Fre-tax profits at Burmah Oil in acquisitions made during the past 18 months.

Net interest charges were substantially reduced — down from £8.5m to £4m — but tax from £8.6.4m), and all other divisions moved ahead: speciality credit of £500,000 (£16.5m charmicals improved from £4.4m debt) which left attribute high sions moved anead: speciality chemicals improved from £4.4m to £6.9m; LNG Transportation was higher at £6.4m against £5.7m, and energy investments was up from £2.9m to £3.7m There was a group management loss of £3.2m (£3.8m).

The directors said that, apart from the improved results the from the improved results, the group had benefited from

There was an extraordinary credit of £500,000 (£16.5m debit), which left attributable profits £29.7m higher at £33.6m. The interim dividend is hoisted from 45p to 8p net last year's total was 14p from pre-tax profits of £105.9m. Stated earnings per £1 share were 18.85p (13.24p) before extraordinary items extraordinary items
Group turnover, net of

to take advantage of the scrip alternative offered in respect of the 1986 final dividend. That provided major benefits for both stockholders and the company, and a further scrip alternative

is being offered.
The directors are confident that the total distribution for the year will be greater than that paid in respect of 1986. See Lex

J. Laing rises 10% to £13.2m

John Laing, construction first six months of 1987 came engineer, reported interim pre-tax profits up by 10 per cent to will be an interim dividend of £13.2m against £12m last time. 2p (1.67p adjusted). The result was achieved on turnover up from £368m to £507m, a rise of 38 per cent.

Directors said they expected the full-year results would compare favourably with last year's £38.1m on turnover of £878m.

The shares closed 19p lower at 3800m.

The result was a chieved on £1.6m to £900,000 pare favourably with last year's £4.6m (£4.3m).

The shares closed 19p lower at 3800m.

The homes division, directors achieved on £1.6m to £300,000 pare favourably with last year's £4.6m (£4.3m).

The shares closed 19p lower at 60p.

The homes division, directors said, continued to benefit from its concentration in the south

Sir Francis Tombs

1,802

120

18.9p

1.802

273

100

% on

16

a whole was satisfactory and the newly formed energy, techno-logy and environment division was achieving its targets.

was achieving its targets.

Two new non-executive directors have been appointed. Mr. Scott Durward, chief general manager of Alliance and Leicester Building Society and Mr. Keith Gates, finance director of Marks and Spaner. Marks and Spencer.

comment

John Laing's operating profits have been buoyed up once again by its strong presence in housebuilding in the south east of England. But the company has had to give some of that back because housebuilding, while profitable, drains cash and thus the £2.5m swing against it on interest payment position. Laing's construction side, where margins are lower but cash flow stronger, has been less active. This balance to the company gives it a rather sturdy frame. Should full year profits reach £44m, the shares would be rated on a prospective p/e of 11, a 1.5 point discount to the sector that is hard to justify.

W. Canning

Canning increased earnings per share from 4.2p to 10.4p in corrects figures in Tuesday's the half year to June 27. This Financial Times.

RICARDO CONSULTING Engineers has agreed to dispose of G. Cussons, a wholly-owned subsidiary, for £1.35m in each

Allied London up to £5.2m and in £40m rights

Allied London Properties, the property development, investment and housebuilding group which has recorded impressive earnings growth over the past five years, added to its record yesterday with taxable profits up from £4.65m to £5.27m for the year to June 30. It also announced a £40m

profits in 1700 per 1

of company stock.

It says that the issue is being made to enlarge its investment property portfolio, increase its development programme and expand its housebuilding activities. The Eagle Star Group owns

7.73 per cent of the ordinary shares and is irrevocably committed. Mr Geoffrey Leigh, Allied chairman, says, to take up its rights in respect of 3.56m new shares. Certain of the directors, who in total own or control 49.3 per cent of the ordinary, have waived their entitlements to 9.11m shares which have been placed with institutions; their entitlements to a further 5.33m shares will be retained

by them initially Allied's letter to shareholders also says that the total property portfolio has been revalued to £118.2m as at June 30 last, indicating fully diluted net assets per share of 116p against 92p a year earlier. In order to protect share-

holders, if an offer is made for the company on or before October 31 1993, the conver-sion rate will be stepped to reflect the income value which is foregone in such

Income from investment properties rose from £5.93m to £7.01m. After tax of £1.27m to £7.01m. After tax of £1.37m (£739,006) earnings per share worked through at 7.7p (6.59p) undiluted or 8.23p (5.3p) fully diluted. The directors proposed a final dividend of 1.9p (1.57p) making a total of 2.1p (1.75p) for the year.

Sirdar profits hit by yarn sales slump

BY ALICE RAWSTHORN

reduce its reliance on hand-knitting yarns. In the last financial year it has acquired two businesses — Burmatex, a manufacturer of carpet tiles, and Eversure, which makes curtains and cushion covers.

My James Has acquired two bandied about as a model textile company. Hefty investment and heftier margins have turned it into one of the most turned it into one of the mo

Sirdar, the textiles group, yesterday unveiled a sharp fail in pre-tax profits from £10.3m to £5m in its last financial year. The fall was due to an unexpectedly severe slump in demand for hand-knitting yarns, its principal product.

The group is committed to diversifying into new areas to reduce its reliance on hand-

For years Sirdar has beer and Eversure, which makes curtains and cushion covers.

Mr Jerry Lumb, managing director, said that the group intended to make further acquisitions within the textiles field but that it has no specific targets at present.

And hertier margins nave turned it into one of the most efficient stocks in the sector yet even model companies are not immune to recession. Investigations within the textiles field but that it has no specific targets at present. gets at present.

Sirdar, which is one of the largest UK producers of hand-knitting yarns, has thrived in the bnoyant market of the past agement has been realistic 12 years. Last year, when the market declined worldwide, covery. Moreover, it has taken yarn sales in the UK fell by every reasonable step to mitigate the effects of the slump. The hand-knitting yarn marthe acquisitions should contri-ket has begun to recover in but £2.5m or so this year, West Germany, the US and taking total profits to \mathbb{\text{Tm}} Canada. The group hopes that assuming a modest recovery in this pattern will be replicated yarns. This puts the shares, at in the UK, but it predicts that it will take up to two years for the recovery to be completed.

Group turnover rose to group turnover rose to \$48.7m (\$38.7m) in the year to group turnover.

IFICO continues its recovery with £1.7m

BY PHILIP COGGAN

Investment Corporation has taken another step on the road to recovery after changes in the tax system caused a sharp decline in its leasing activities. Yesterday, it announced pre-

tax profits up 48 per cent to £1.7m for the year to June 30, compared with an adjusted £1.15m in the previous year. After the rundown in its leasing business, the company has diversified into other areas and FMW Holdings, the insurance broker which was acquired during the course of the year, contributed £1.18m to trading

The estate agency arm contributed £300,000, and corporate finance added a further

APA, the insurance broking (18.1p).

The Industrial Finance and arm of Australian investment group Unity Corporation, has a 44 per cent stake in IFICO and Mr Gary Carter and Mr Denis Vickery are its representatives on the board.

After tax of £576,000 (£474,000) and minority interests of £11,000 (£2,000), carnings per share were 42 per cent higher at 6.63p (4.68p). The final dividend, which was cut last year, is being set at 2p (0.5p), making a total of 3p (1.5p).

Home Counties Newspaper Holdings (printer and publisher of local newspapers): Turnover £6.95m (£6.09m) and pre-tax profits £1.15m (£746,000) for six months to July 3 1987. Interim dividend 2.5p (1.62p adjusted). Earnings per share 14.6p

Brow

PASSESD CAY & Commercial 11475/80/AP2679 SNC Corporate Ad 1st Proof 39.87, Disc H3/12

2. The Group produces accounts on a four weekly basis. As income and expenditure do not accrue evenly throughout the year, the results for any particular 24 weeks may not be representative of the whole year.

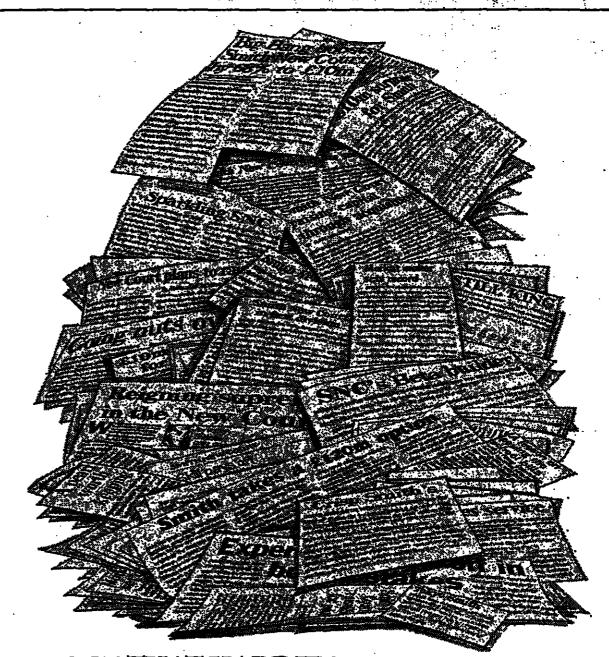
100

% on

Turnove

- 3. Earnings per ordinary share on the net basis are calculated by dividing the attributable profit by the weighted average number of ordinary shares - 659 million (1986 635 million) in issue during the period as adjusted for the share consolidation and sub-
- 4. The comparative figures for the year to December 31, 1986 have been abridged from the Group's accounts for that year, which received an unqualified auditor's report and which have been delivered to the Registrar of Companies.

ROLLS-ROYCE plc., 65 BUCKINGHAM GATE, LONDON SWIE 6AT.



PROOF THAT HARDWORK GETS NOTICED

Smith New Courts record this year is even more impressive in light of recent upheavals in

We achieved these results by relying on skills learned long before Big Bang.
These include our ability to evaluate risk and our efficient execution of client wishes, skill at placing shares and outstanding research.

Risk evaluation is the essence of market making, and it depends on the experience of our traders. Fortunately, our trading desks are led by one of the langest-established teams in London. Further, we

are the only publicly quoted British securities house concentrating on equities.

Clients can count on efficient execution of their business. They find us willing-and able-to take risks on their behalf, not least because we are confident that we can distribute the shares.

Clients can also rely on the skills of our analysts, who believe in thorough research into companies before we make any recommendations.

Now, with an expanding international presence and a strong strategy for growth, we are looking forward to another successful year

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UK COMPANY NEWS

US sale helps Hepworth Ceramic up to £26m

Hepworth Ceramic Holdings, particularly impressive profit to make further gains from the building materials group, advance in refractories and rationalisation of the £110m. of upped taxable profits from plastics.

The £17.66m to £26.06m on turn-professor Smith said that the acquisitions from TI already over ghead from £178.25m to second half had started well look cheap—with the exit £181.71m in the first half of and market conditions across

The directors declared an interim dividend of 3.6p—up from 3.1p last time—and after tax of £9.15m (£6.91m), earnings per share rose from 6.7p to 9.7p.

Professor Roland Smith, chairman, said that the results reflected the beneficial disposal of the North American businesses—Western Plastics and W. S. Dickey—as well as the successful performance of the UK acquisitions. In April Hepworth paid TI Group £63.5m for its domestic appliances businesses. Which included for its domestic appliances businesses, which included Glow-Worm and Parkray, and

the group were generally buoy-ant. He expected the company to achieve good profits in the second half.

He said that it was hoped that its £14.1m recommended offer for Thomas Marshall

on Hepworth Ceramic, enabling Glow-Worm and Parkray, and two months' contributions were included in the figures.

All the group's traditional major businesses showed improved profitability, with a state of the sector and be well placed on a prospective p/e of refractories' profits to double. When the agreed £14m tion to move away from its traditional clay pipe and incompleted, HC will have the dustrial sand dependency sugdementation in this sector and be well placed an exciting 1988.

acquisitions from TI already look cheap—with the exit multiple on the £63.5m paid likely to prove only 10 times the eight-month earnings contribution this year. The £471m of goodwill acquired along with TI's domestic appliances business-primarily the Glow worm central heating boilers and the Parkray solid fuel neaters—will disappear traines to merger relief and so will not hit the p&l account. By the year end Hepworth will have some £180m in shareholders funds and could be £40m cash positive—leaving ample room for a circa £150m bid. This year £60m should be achieved putting the shares at achieved, putting the shares at 264p on a prospective p/e of

The second half had started well, he concluded.

Tax amounted to £984,000 (£685,000) and there was an extraordinary £41,000 charge relating to the costs of the listing. net of Exchequer levy.

losses at midway although tempered by the weakness of the dollar against North Sea and to refinance the existing Wytch Farm credit

Oil price rise helps

Tricentrol to cut its

sterling was largely responsible for the improved performance by Tricentrol, the independent oil company, in the first half of 1987 compared with the equivalent period last year. facility, Exploration activity, although reduced, was continuing satisfactorily. Prospective acreage was being maintained, bearing in mind the need to have an On turnover down from £18.1m at £17.2m, losses before adequate acreage base to take advantage of the expected up-turn within the oil industry. tax fell from £3.8m to £2.1m. Losses for the second quarter alone fell from £4.1m. to £1.1m.

comment

The loss per share fell from 2.5p to 1.9p for the first six months and from 3.3p to 1p for When James Longcroft, Tricentrol's mercurial chairman, announced in July that he was personally taking charge of the search for £350m of long-term borrowing to fund and refinance the second quarter. Comparative figures have been restated to eliminate the disconthe company's development pro-gramme, the balance of City ties-in November Tricentrol agreed to sell three-quarters of its assets in the US to a group of institutional investors in a opinion over the prospects of such a package being in place by December moved from sceptical to neutral. Unlike worth £60.3m—and to reflect the deal worth tou.one—and adjusted to reflect the sceptical to neutral. Unlike company's change in accounting their UK brothers, American estimate for 1986 and decommissioning at the end of that have shorter memories?) to lead off a "fairly unusual" mix of 10 year dollar borrowing and a year.

Production costs fell from 10-year dollar borrowing and £6.7m to £5.2m and depletion sterling overdraft facility. A non-bank component might also non-bank component might also intriguing subject provide an intriguing subject for column writers when and £500,000 (£400,000) while other if the scheme is finalised. The totalled high risk approach will send gearing sky high—500 per cent or so—and see no serious

Mr James Longcroft, chairman, said that the development
of Amethyst and North Ravenspurn was proceeding satisfactorily while the award of
final "Annex B" approval for
the Wytch Farm on-shope oil a sale of an asset and or a rights
field had added certainty to this
development which would be of
the borrowing deal is as good as development which would be of the borrowing deal is as good as great benefit. the borrowing deal is as good as great benefit. He said that discussions were is the progressive selling off of assets-which in today's market tutions to secure adequate funds should easily provide cover for for development of the comthe shares at 118p. A good pany's gas fields in the speculative buy.



CDFC Trust PLC

Introduction to The Stock Exchange

Rights Offer to shareholders of Ensign Trust PLC of Units comprising a total of 49,000,000 new ordinary shares of 10p each at 70.3p per share and £14,700,000 61/2 per cent. Convertible Unsecured Loan Stock 2010 at par

Authorised £15,000,000

fully paid £10,000,000

ordinary shares of 10p each

CDFC Trust PLC ("CDFC Trust") is a new company established to specialise in development capital investment outside the UK and Europe. The main investment objective of CDFC Trust will be to achieve long-term capital growth. It is intended that the affairs of COFC Trust will be conducted in such a way that it should qualify for approval as an investment trust for tax purposes. plication has been made to the Council of The Stock Exchange for the Units, the ordinary shares of

10p each and the 61/2 per cent. Convertible Unsecured Loan Stock 2010 of CDFC Trust to be admitted to the Official List. It is expected that dealings will commence, nii paid, in the Units of ordinary shares and Convertible Unsecured Loan Stock on Thursday, 17th Septem The Listing Particulars relating to CDPC Trust are available in the Extel Statistical Services and may be

obtained during usual business hours up to and including 15th September, 1987 from The Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2 and on any weekday (Saturdays and bank holidays excepted) up to and including 7th October, 1987 from the registered office of CDFC Trust, One Charlotte Square, Edinburgh EH2 4DZ and from:—

Morgan Grenfell & Co. Limited New Issue Department 72 London Wall London EC2M 5NL

de Zoete & Bevan Limited Ebbgate House 2 Swan Lane London EC4R 3TS

Bank of Scotland New Issues Department Apex House 9 Haddington Place

11th September, 1987

Tyne Tees 51% up at £2.6m

which obtained a listing ing revenue and programme in April, reported a 51 per cent sales. He added that it was increase in pre-tax profits, from £1.69m to £2.55m for the half year to end-June.

The directors have lifted the interim dividend to 7.5p (3.75p) to reduce the disparity between the interim and final payments. A total of 18.75p was paid in 1986 when taxable profits amounted to £4.21m.

Sir Ralph Carr-Ellison, chair-man, said the increased turnover, up by 13 per cent to cial Pulsebeat, designed to £26.39m (£23.29m), neglected stimulate new advertising in

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particularly satisfying that cost increases had been rigorously contained and held within levels of inflation.

TV advertising revenue had market share of nearly 4 per cent of network total, Recent marketing initiatives, par-ticularly Pulsebeat and Finan-

From a gross profit up from 15.59m to £7.35m, the Channel 4 subscription took slightly more at £4.05m (£4.16m) but the remained strong throughout Exchequer levy was substanthe period, the chairman reported, and the company had been able to sustain a interest credit of £325,000 market share of period A per (£55,000). (£357,000).

proceeding with financial insti-tutions to secure adequate funds

operating income to

INTERIM RESULTS TO 30 JUNE 1987



STRONG FIRST HALF PERFORMANCE

Profit up 62 per cent

Continuing volume and profit growth in Castrol

Speciality Chemicals profit up 57 per cent Earnings per share up 42 per cent

	First Half 1987 £m	First Half 1986 £m	
Profit before tax	61.0	37.6	
Profit after tax	33.6	20.7	
Earnings per stock unit	18.85p	13.24p	

The interim dividend was increased from 4.5p to 6.0p. This will be paid on 7 January 1988 to stockholders on the register at 30 October 1987. The board is confident that the total distribution for the year will be greater than that paid in respect of 1986.

IN GREAT SHAPE FOR GROWTH

The Burmah Oil plc, Burmah House, Pipers Way, Swindon, Wilts. SN3 1RE

Schroders ahead at six months

BY DAVID LASCELLES, BANKING EDITOR

Schroders, the UK merchant banking group, reported yester-day that profits for the first six

He said that the performance reorganisation, which included the sale of various non-essential businesses, was "bearing fruit" months of this year were higher than in the same period

The group is one of the few which does not give any details at the interim stage. However, Mr George Mallinckrodt, the chairman, said that this practice might have to be reviewed.

it has in Wertheim, the Wall street investment bank. Despite some personnel problems, the securities business was performing close to budget. In Tokyo, Schroders is now hoping but the increase reflects but the increase reflects to charge many. to obtain stock exchange mem-

Schroders' wish to cut the dis bership next year.

Mr Mallinckrodt said that the results showed that last year's change in dividend policy.

was down from £17.2m to £16.58m. The pre-tax figure was

Hyman rises and makes cash call

A COMBINATION of internal expansion and external acquisition, enabled Hyman, Oldhambased polyurethane foam convertor and manufacturer, to the interim dividend is unvertor and manufacturer, to achieve a record peformance in the six months to June 30 1987.

Pre-tax profits rose from £873,000 to £952,000, and this included a contribution of £84,025 from the joint venture company, Polytex Holdings, which, the directors said, had performed encouragingly in the first aix months of its trading.

mending a final dividend of

YON of internal 0.95p per ordinary stock unit its considerable investment in development of improved fire tex and Fireseal Turnover for the opening half

changed at 0.75p net. The group is offering by way of rights, 9,998,882 new ordinary stock units at 40p per stock unit. The basis is one new ordinary for every three existing ordinary. The issue will raise approximately £3.8m after expenses and has been under-

The board added that it had reduce bank borrowings and every confidence that the group provide resources for additional would maintain the current capital expenditure, and for

written.

£333,000 against £295,000. Stated earnings per stock unit improved from 1.93p to 2.08p.

Automagic Holdings Figures for Automagic Hold-

ings published in the Financial Times on September 2 were for the 52 weeks to May 2, 1987. funding further acquisitions. and not for the half year as The company is to continue stated in the headline.

Moss Bros advances to £0.48m

Improved retail demand and the some caution in drawing conthe first effects of the changed approach by the management were reflected in a 36.5 per cent improvement from £348,000 to £475,000 in pre-tax profits of Moss Bros, retailer and hirer of clothing ancillary goods, for the six months to August 1.

Mr Wilfred Cass, chairman, said however that there should be some caution in drawing conclusions from the interim results that the year-end results would reflect a similar level of improvement. Turnover for the period rose 20.6 per cent from £9.8m to £11.9m.

Earnings per share rose to 9.72p (7.15p) and the interim dividend is being lifted to from £3.16m to £4.37m.

Earnings rose to 6.28p (4.15p). Interim dividend is same-again 1.5p.

London EC2R 7AM

Alan Cooper

Alan Cooper Holdings, office

stitute an invitation to the public to subscribe for or



Allied London Properties Plc

Rights Issue of 40,000,000 new 51/4 per cent Convertible Cumulative Redeemable Preference Shares of £1 each at 100p per share

Particulan of the shares will be available in the Exnel statistical service and copies of the Listing Particulars may be obtained during usual business hours up to and including 15th September, 1987 from the Company Announcements Office of The Stock Exchange and up to and including 25th September, 1987 from:

Allied London Properties Plc, Allied House, 26 Manchester Square, London WIM 6EU

J. Henry Schroder Wagg & Co. Limited

nmure Gordon & Co. Limited,
9 Moorfields Highwalk, London EC2Y 9DS

AB Ports

improves

to £13.3m

A 21 PER CENT increase in

pre-tax profits for the half-year to June 30 and the forecast of a significant improvement in

profits for the full year compared with 1986 was anounced yesterday by Associated British Ports Holdings.

First-half profits were £13.3m

against £11m and compared
with a 7.5 per cent improvement from £73.5m to £79m in
the turnover of port services.
Sir Keith Stuart, chairman,

by 21%

UK COMPANY NEWS

Schroders

Interim Statement

10th September, 1987

The Directors of Schroders Public Limited Company have resolved to pay an interim dividend for the year ending 31st December, 1987 of 6p per share (1986 interim: 3p) on the Ordinary Shares of £1 each (fully paid) and on the non-voting Ordinary Shares of £1 each (fully paid). The interim dividend takes account of the Directors' intention as stated in the Chairman's Statement issued with the interim dividend takes account of the Directors' intention as stated in the Chairman's Statement issued with the accounts in April last to reduce the disparity in size between the interim and final dividends. It does not imply an increase in the total sum to be distributed by way of dividend in parameter of 1087 in respect of 1987.

The dividend will be payable on 29th October, 1987 to shareholders whose names appear in the Register of Members of the Company as at 1st October, 1987.

The profits of the Schroder Group for the first six months of 1987 were higher than in the same period of the previous

120 Cheapside LONDON EC2V 6DS

London

1987 £000	1986 £000
16,842	17,211
8,289	7,719
183,494	167,392
5.55p	4.83p
2.80p	2.55p
	£000 16,842 8,289 183,494 5.55p

The combination of high quality property-based income and assets. excellent liquidity and low gearing which the group enjoys provides a firm foundation for further rewarding expansion.

Steve Butler on the alternate proposals for a struggling paper mill

100 E 000

Pre-tex

profits/

1982

The battle for Olives' future

IMAGINE, if you can, a struggling company in which shares are trading at between 180p and 200p, and where the board rejects a £5m, 100p per new isued share, capital insection proposal in favour of one at 85p per share that would put in only £3.74m.

You needn't imagine it - this You needn't imagine it — this is Olives Paper Mills, where share holders will today vote to approve or reject the boardendorsed proposal through which Michael Kent would put 53.74m into the company, become its majority shareholder and assume chairmanship of the company.

Mr Kent, however, is not con-Mr Kent, nowever, is not convinced that he will end up as chairman of Olives even though he can already put about 20 per cent of the vote in his path is the alternate proposal by Mr Nathu

Puri and his company, Melton Medes, that if eventually adopted would overnight boost the asset backing of every share of Olives Paper above that of the

Mr Kent's proposal.

"This is really a high offer that is very difficult to refuse,"
Mr Kent says. "Institutions take a hard financial view; they

have to."
Indeed, Mr Kent goes a bit further than this.

P-E International

advances to £1.3m

AFTER announcing first half

chairman of P-E International. consulting services group, said that the company was on course

for another successful year.

tors declared an interim divi-

MEMORY COMPUTER Dublinbased computer manufacturer

and distributor. Pre-tax profits 44 per cent ahead at I£510,000

"I think he is paying a fan-tastic price for it. I don't know if it speaks well for his business judgment," he says.

Olives is the oldest indepen-dent paper mill in the UK and produces wood-free paper. Its financial performance has been extremely dull in recent years, with no dividend since 1983, and it has come under bank pressure to reduce working capital overdrafts.

Olives desperately needs an injection of capital to reduce borrowing and to invest in new equipment.
Both the Kent and the Puri

proposals would provide this, but aside from the financial differences in the proposals, Olives shareholders today are choosing who is going to run the company.

Mr Kent has the advantage that he gets on with the current Olives board and has the endorsement of management and the company's unions. There would be no suddent disputition in the company should ruption in the company should he take control.

Mr Kent admits he has no expertise in the paper business, but he does know about property development and has some plans for the 70-acre Lancashire site where Olives is

in the City of London, and that this decision has been proved correct by the subsequent fan-tastic appreciation of property **Olives Paper** Mills Turnove 3

tastic appreciation of property values.

In the 10 years of M. P. Kent's public trading, shareholders' funds rose each year from 7.9p per share in 1975 to 53p in 1984.

Mr Puri, by contrast, has experience in the paper industry, and can hoast a rather impressive record for his own private companies from pre-tax profits of £505,000 on turnover of £17.7m in 1985, to estimated of £17.7m in 1985, to estimated 1987 profits of more than £2.5m on a turnover of £66.6m. Olives

on a turnover of £86.6m. Olives would become a vehicle for acquisition and diversification. The hurdle he must overcome, however, is friction with the Olives board and management and suspicion from Olives' unions. Mr Puri challenged and account to the heart over embarrassed the board over "golden parachute" directors Melton Medes has made some hay over the decline in turn-over and pre-tax profits in Mr Kent's listed property company. contracts earlier this year, and the board has since resented

Kent's listed property company.

M. P. Kent, before it was taken over by C. H. Beazer in 1984, implying that there are questions about how successful a businessman Mr Kent has been.

Mr Kent says, however, that the decline reflected a 1982 board decision to sit on properties, including valuable sites the board has since resented his approaches to the company. The Olives board's distrust and dislike of Mr Puri is understandable given the uncertainty over their own future should he win control of Olives' shareholders today reject the Kent proposals and turn against their hoard, these are feelings the board will have to swallow.

said that port services — the group operates 19 ports throughout England, Wales and Scotland — should continue to make useful progress as the effects of cost reductions came through. Property profits would benefit from the recent successful sale of Grosvenor Square's property

in Bishopsgate for £20.5m and from a range of schemes under way. Comparable figures for 1986 did not include results for Grosvenor Square Properties, Grosvenor Square Properties, acquired in January 1987.
At the Humber ports. Sir Keith said, business continued to expend At Huil, a new passenger and freight terminal had been opened to service North Sea Ferries' new vessels. At Immingham, work has begun on a schemes to extend berthing facilities in the enclosed dock which will increase the port's which will increase the port's general user capacity by some 20 per cent.

Operating profit of the port services increased from £8.2m to £9.4m after deducting voluntary severance of £3.8m (£2.7m). Property income rose to £4.7m (£3.5m) and investment income to £1.1m (£0.5m). Interest bayable amounted to £1.9m (£1.2m) and tax to £4.4m (£3.6m) leaving stated earnings per share of 10.3p (9.1p). The interim dividend is

The interim dividend is raised from 2p to 2.5p per 25p

comment

This looks like being the year when property could move up to take equal profits billing with ports. Both sides are showing growth but the property side is steeming ahead at a faster rate of knots. Yesterday's figures were the first to include a contribution from Grosvenor Square Properof GSP was a necessary move bringing with it not just a nice portfolio of land and projects but in-house expertise to address the company's develop-ment of its 2,500-3,000 acres of surplus port land. The 19 ports themselves remain a solid busithemselves remain a solid dust-ness, the east coast ports par-ticularly well placed to benefit from increased EC trade. Shares closed 7p down yester-day at 592p. Assuming pre-tax and pre-severance payments profits of £43m this year, that puts them on an attractive prospective p/e of about 17.

Merchant Securities

Highlights of the year	1987	1986	
	£000	000£	
Profit before tax	16,842	17,211	
Profit attributable to shareholders	8,289	7,719	
Shareholders' funds	183,494	167,392	
Earnings per Ordinary share	5.55p	4.83p	
Dividends per Ordinary share	2.80p	2.55p	

Report and Accounts available from the Secretary, (after 15 Sept.) Carlton House, 33 Robert Adam Street, London W1M 5AH.

Haggas up 33% and expanding

taxable profits up from £1.01m to £1.34m, Mr Hugh Lang, Turnover moved up from £11.82m to £13.87m. The direc-

dend of 1.2p — up from 1p — and earnings per share emer-ged up from 5.8p at 6.8p after higher tax charges of £496,000 (£394,000). Last time's extra-ordinary credit of £290,000 was n the announcement.
Haggas returned to the stock market last year with the express intention of expanding through acquisition. Its attempt to acquire Bulmer & Lumb, a weaving and knitting company, foundered in July last year. If the present negotiations prove successful, the acquisition will In early June P-E completed the acquisition of Inducon, management consultants, which contributed £751,000 to turn-over and £66,000 to profits.

be its first since the return to

John Haggas, Yorkshire-hased turnover was static at £25.3m Building will begin in two wool textile group, yesterday (£26m). Mr Brian Haggas, months. announced a 33 per cent chairman and chief executive, attributed this to the fact that the spinning and fabric busisturnover. It is also close to concluding negotiations to throughout the year. Both acquire a company with businesses increased profits, to finterests related to wool textiles.

Its shares rose by 6p to 212p of improvements in quality and productivity.

The trouser company sustained to find the profits of the floation. Alreworth's sales fell last year because of reorganisation, but profits rose of improvements in quality and to £192,000 (£178,000).

The group paid £1.4m (£1.1m) in taxation during the year. Earnings per share rose to 13p (10p) and the board proposed a final dividend of 2p making

Haggars recently bought a block of land next to its spin-ning mill to build a new fac-

The trouser company sus-

tained a fall in both sales and profits, the latter slipped to £22,000 (£72,000). Mr Haggas said that, unless its performance improved within the next two months, he would consider closing the business.

Mr Haggas expressed his ablic quotation. tory which will increase its optimism about the group's In the year to June 30, group yarn capacity by 15 per cent. prospects for the present year.

DPCE tops £5m and sees further growth ahead DPCE Holdings, the acquist to end-June, advanced from the computer maintenance £28.59m to £40.01m. Interest to computer the second to the second to the second to the second that the inclusion of sales such as the Bishopsgate property which the computer maintenance £28.59m to £40.01m. Interest the computer to the second to the second to the second to the second that the company originally paid for £20.5m more than the company originally paid for £30.00m. Interest to include a contribution from Grosvenor Square Properties, acquired in January this year, but its real impact will be felt in the second half with the inclusion of sales such as the Bishopsgate property which went recently for £20.5m more than the company originally paid for £30.00m. Interest the second half with the inclusion of sales such as the Bishopsgate property which is the first to include a contribution from Grosvenor Square Properties, acquired in January this year, but its real impact will be felt in the second half with the inclusion of sales such as the Bishopsgate property which the first part of the sister investment trusts to TR Pacific Basin — which is the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate property which the inclusion of sales such as the Bishopsgate p

(£550,000) for year to June 30. Fully diluted earnings per share 1.5p (0.84p). company, revealed to the City yesterday that its profits for 1986-87 had risen to £5.37m pre-tax, an improvement of 36 per cent over the previous year's £3.95m.

Furthermore, the directors said that with strengthened international management and a high level of new maintenance contracts won last year DPCE was well positioned for continued growth in the year

Turnover for the past year, tions.

MBS, formerly Micro Business Systems, has continued the recovery seen in the second half of 1986 and for the six months

to June 30 reported pre-tax pro-fits of £755,000 against a loss of

The company, which distri-butes, maintains and provides training in the use of mini-computers and associated pro-ducts, improved turnover by 24

per cent to £45.81m (£36.8m).
A period of restructuring has

been embarked upon and in view of the costs involved and

income amounted to £661,000 (£816,000), tax to £1.79m (£1.65m) and minorities to £236,000 (£106,000).

Earnings emerged at 11.1p (7.8p). A final dividend of L6p raises the total from an adjusted 1.77p to 2.18p net on the enlarged share capital. Figures for 1985-86 have been

adjusted to include those of US compute τ company Syste c which was acquired last Decem-

inappropriate to declare an interim dividend. Earnings for

the period came out at 0.9p (3.2p losses restated) per 5p

In August MBS acquired Combro, and although not making a contribution this time, its pre-tax profit for the period exceeded £500,000. Those benefits would come through in

the year-end figures, directors

The May rights and subscrip-tion issues raised about £10m which helped to reduce interest

ber. DPCE raised £14.6m in. April to fund further acquisi-

its own reorganisation pro-posals — added 2p yesterday to 185p.

This followed an announcement from Lloyds Bank (SF) Nominees that it had purchased another 100,000 shares, taking the total helding to 1.5m shares or 5.09 per cent.

There have been suggestions that other TR trusts might follow the Pacific Basin fund's example, although Touche Rem-nant itself says this is a matter for the individual boards.



BANQUE PARIBAS

U.S. \$200,000,000

Undated Floating Rate Securities

In accordance with the provisions of the Securities, notice is hereby given that for the three months interest period from 11th September, 1987 to 11th December, 1987 the undated Securities will carry an Interest Rate of 8% per annum. Interest due on 11th December, 1987 will amount to U.S. \$20.22 per U.S. \$1,000 undated Security.

Morgan Guaranty Trust Company of New York



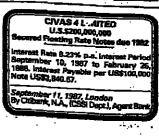
GENOSSENSCHAFTLICHE ZENTRALBANK AKTIENGESELLSCHAFT

U.S. \$50,000,000 Floating Rate Subordinated Notes Due 1992 For the three months 11th September, 1987 to 11th December, 1987 the Notes will carry an interest rate of 715/16 per cent. per annum.

Interest payable on the relevant Interest payment date, 11th December, 1987 against Coupon No. 25 will be U.S. \$100.32 Listed on the Luxembourg Stock Exchange.

By: Morgan Guaranty Trust Company of New York, London





HEPWORTH CERAMIC HOLDINGS PLC

RECORD INTERIM PROFITS

Profit before tax up 47.5% Earnings per share up 44.8% Dividend up 16.1%

The implementation of the new management's strategy over the last year has resulted in greatly increased profits for the original divisions. In addition the new heating division has been successfully integrated into the group.

Professor Roland Smith's chairman's statement highlighted:

- ★ Profit improvements in all the group's traditional major businesses. with GR-Stein performing exceptionally and new management producing a major turnround at Hepworth Plastics.
- ★ £1.8m benefit to profit from acquisitions and disposals including only two months' profits from the new heating division, comprising brand leaders Glow-worm and Parkray.
- ★ The acquisition of Thomas Marshall (Loxley) P.L.C. will further strengthen GR-Stein's market position.
- ★ An encouraging start to the second half.

SUMMARY OF RESULTS

	Six months to 30th June '87 £m	Six months to 30th June '86 £m	Year ended 31st Dec. '86 £m
Turnover	181.7	178.3	362.4
Profit before tax	26.1	17. 7	41.0
Profit after tax	16.9	10.7	27.5
Earnings per share	9.70p	6.70p	17.19p
Interim dividend	3.60p	. 3.10p	8.28p

The second of th

the continuing cash require-ments of a growing business from £1.4m to £843,000. the directors consider it Tax took £220,000 (nil). Corton Beach profit surge

MBS continues recovery

The group's three divisionsfood, automotive and leisure-are all trading profitably with leisure currently the biggest earner but Mr Mike Keen, the chairman, said that the long-term aim was to achieve roughly equal profits from each division.

Freezerite Food Centres was acquired after the end of the first half and makes no contribution to these figures.

Corton Beach, the Third Propeller, the textiles subMarket mini-conglomerate, sidiary acquired as part of the
yesterday announced quadrupled interim pre-tax profits and
an 158 per cent increase in in the autumn. Analysts expect
that the group will be valued
at around £6m.

Trading profit in the 26 weeks to August 1 was £1.02m (£281,000) on turnover of £20.9m (£7.6m) and efter interest payable of £212,000 (£79,000), pre-tax profits were £806,000 (£202,000).

Earnings per share were 2.9p (1.12p). Although the group is not paying an interim dividend, it intends to recommend a final.

Campari recovery continues

Campari International, importer and distributor of leisure, camping and boating equipment, continued its recovery and raised pre-tax profits to £524,000 for the six months and in May 21 campared with a ending May 31 compared with a £95,000 loss.

Group turnover rose to £11.6m (£9.77m). Mr Ake Nordin, chairman, said the interim results were most satisfactory and reflected both the increased turnover and higher margins indicated in his last statement and also interest gavings arising from a further reduction in the level of bor-

rowings.

"Trading during the second half, traditionally much our strongest period, remains buoyant with a continuing very strong sales order position," said Mr Nordin.

"The results for this period will benefit also from an addi-tional saving in interest follow-ing receipt of the proceeds of the rights issue towards the end of the first half."

After tax of £56,000 (£18,000), earnings per 20p share were increased to 5.36p (1.31p loss) net.

An interim dividend of 1.5p (0.5p) was declared.

33

Promotions at W. H. Smith

W. H. SMITH AND SON (HOLDINGS) has promoted the senior managers to the main board. Mr. David Roberts, replaces R. Marcus Storch, a managing director of the retail non-execute director, who has group, and Mr. Neil Thomas, managing director of the doit wourself chair. Do It All will Mr. Sel Doneion has been appointed an anager, Thompson defence projects, Wolverhampton; Mr Masson is general manager of Thompson Valves, Poole.

Mr. Vanni E. Treves, a non-executive director. yourself chain, Do It All, will join the board on June 4 1988. Mr Thomas will also move to a new post as deputy managing director of W. H. Smith and Son (Holdings).

Ports

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The best day with sold state and production and production are to the days to the

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그 전 보이트

Mr Roberts joined W. H.

manager and five years later was appointed divisional direcwas appointed divisional director, retail distribution. He became managing director of W. H. Smith Do It All in 1983. In his new role as group deputy managing director he will carry a special responsibility for news wholesaleing, distribution and staff services.

Other margagement changes director of British in the staff services.

Mr Richard Leveritt has bel appointed director of finances EASTERN ELECTRICITY for



Mr Richard Levert finance director of Eastern lectricity

tor of finance. He just Eastern Electricity in 1970. Three years

Mr Sei Doneion has been appointerchairman of TYSONS (CONTRCTORS), in succession to Mr. Leslie Tyson. Mr Doneionemains chief executive and Mr yson becomes an executive that the succession of th

Mr Roberts joined W. H.

Smith in 1971 as a management trainee. He was appointed managing director of the retail group, based in Swindon, in 1985.

Mr Thomas joined W. H.

Smith in 1973 as operations manager and five years later

SNAPSE COMPUTER SER-VICS has appointed Mr Tony Merath to the new post of Euro-pel sales director. He was UK ar overseas managing director occomtell.

tion and staff services.

Other management changes include the appointment of Mr. spointed an executive director Rodney Buse, managing direct f BAA from October 1. Since tor, wholesale, as managing oining BAA in 1967 Mr Maine director of Do It All from April sas held various senior posts in 1 1988. Mr Peter Troughton airport management and per becomes divisional director sonnel, He will retain his current news wholesaling, from Marci responsibility for British directors.

Mr Buse joined W. F ports Services, a wholly-owned Smith in 1962 and Mr Subsidiary of BAA.

Troughton in 1979.

Mr David G. Fine has well-lams Mr Vanni E. Treves, who becomes deputy chairman of BBA Group

Mr Vanni E. Treves, who becomes deputy chairman of the company. He joined the group board on March 1 1988, and is senior partner of Macfarlanes, City solicitors.

Mr David G. Fine has been appointed president and chief executive officer of POLY-GRAM INTERNATIONAL He succeeds Mr Jan D. Trimmer, succeeds Mr Jan D. Trimmer, of both Larch-Lap an whose new Philips group management membership includes the chairmanship of Polygram's supervisory board. Mr Fine was executive vice president.

Trimmer, of both Larch-Lap an of both Larch-Lap and whose membership of both Larch-Lap and the managing of Banbury-Compton.

Mr Alexander Duma executive vice president.

Subsidiary board posts at NEI

NORTHERN ENGINEERING NORTHERN ENGINEERING INDUSTRIES has made senior appointments at NEI Elec-tronics, Gateshead; NEI Reyrolle, Hebburn; and NEI Thompson,

Mr Vanni E. Treves, a non-executive director of BBA GROUP, has been appointed



WILLIAMS HOLDINGS has appointed Mr B. A. Atkins as group managing director of the homes and gardens activities. This involves the chairmanship of both Larch-Lap and Amdega, and the managing directorship

Mr Alexander Duma has joined

Mr Alexander Duma has joined the board of EQUITY & GENERAL, as a non-executive director. Mr Duma, a merchant banker, is a director of Barclays de Zoete Wedd.

Mr Miles A. Seaman joins LLOYD'S REGISTER OF SHIP-PING on September 14 as business director of its industrial services division. This division accounts for 20 per cent of international turnover, and is being accounts to 20 per cent of international turnover, and is being
expanded. After working for
ICI and in consultancy, in 1980
Mr Seaman was founder director
of Technica, a company specialising in safety assessment and risk
analysis in the process industries,
affebra exploration and produc-Wolverhampton.

Mr Trevor Bartram and Dr tion systems.

Stanley Jones have been appointed directors of NEI Electronics. Mr Bartram is general has been appointed marketing and

Electricity in 1970. Three years manager of the Edgeumbe Instrustion as financial ontroller to the Jamaica Publi-Service Corporation.

Normal Managemen

**Dr Mark Mohrs, managing of the bushing unit, Hebburn.

**Mohrs, managing of the Edgeumbe Instrustion sales director of REITISH AERO-sales division. The appointed a director of NEI post due to ill-health. Mr Richard Buckland and ment Managemen (Hong Kong), if Cameron Masson have been appointed marketing and sales director of BRITISH AERO-sales division. The appointed by Dr David Smart who relinquished the post due to ill-health. Mr Richard Buckland and ing executive in the newly-formed marketing organisation.

Chairman of Remploy

Mr Ivor Cohen has been appointed chairman of REM-PLOY. He takes over from Sir John Bembridge who was appointed at the end of April but is unable to continue for health reasons. Mr Cohen, recently retired from the managing discretary in the Millard was ing directorship of Mullard, part of Philips UK. Four other nonexecutive directors have been appointed to the board of Remdirector of Hoechst UK; Mr Derek Boothman, senior partner in Binder Hamlyn; Mr Ken Graham, recently retired as a commissioner of the Manpower Services Commission; and Mr John Young, senior partner in Arthur Young.

ESCOMBE LAMBERT, part of the Hill Samuel Group, has promoted Mr Allan D. G. Noyes from joint managing director to chief executive. Mr Michael A. O'N. Wallis, a director of Lambert Brothers Shipping, has been appointed managing director of Escombe Lambert.

TUSKAR RESOURCES has appointed Mr Michael Doherty as managing director. Mr Doherty has been managing director of Ardmore Petroleum since its foundation. Tuskar's offer for Ardmore was declared unconditional last week.

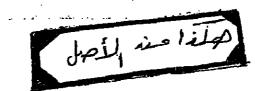
appointed managing director of DRI EUROPE, London. He was head of the DRI office in Paris.

Mrs Juliet Jowitt has been elected a director of YORK-SHIRE TELEVISION. She is a member of the Potato Marketing Board and of the Domestic Coal



Mrs Juliet Jowitt, a director of Yorkshire TV

Consumers' Council, and is Consumers' Council, and is a local magistrate. A former journalist working on "House and Garden" and "Vogue," she ran a discotheque and catering business before setting up in 1971 her own interior design company, Wood House Design.



This announcement appears as a matter of record only.



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- ZURICH BRANCH -

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Interim Statement for Half Year to 30th June 1987

- ★ Turnover up 15% to £10.6 million.
- ★ Pre-tax profit up 43% to £382,000.
- ★ Earnings per share up 58% to 3.0p.
- ★ First ever interim dividend of 1.0p net.
- ★ Forecast final dividend of 1.5p net to make 2.5p for the year (1986 2.0p).
- ★ Board strategy looks for further growth including acquisitions.



GIBBS AND DANDY PLC Building, Engineering and Electrical Distributors

erim statement is available from the Secretary, PO Box 17, Gidan House, Chapel Street, Luton LU1 2SF. Tel: 0582 21233

MOTOR INDUSTRY

The Financial Times proposes to publish this survey on

Wednesday, October 21, 1987

For a full editorial synopsis and details of available advertisement positions, please contact:

COLIN DAVIES on 01-236 1434

or write to him at:

Bracken House, 10 Cannon Street London EC4P 4BY Telex: 8954871

FINANCIALTIMES **EUROPE'S BUSINÉSS NEWSPAPER**

These securities have been sold outside the United States of America and Japan, This announce appears as a matter of record only.

<u>NEW ISSUE</u>

25th August, 1987.



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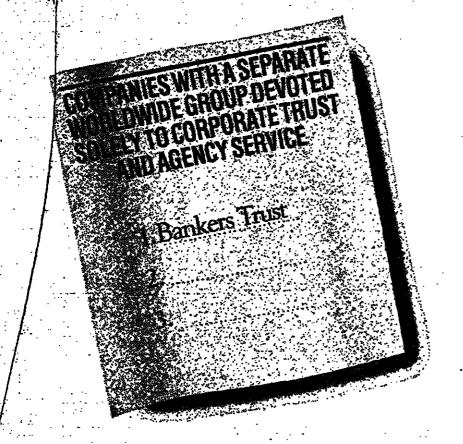
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ke, for example, the kind of coverage we can give ou. We're the only group to have separate offic in London, Hong Kong, New York and San Fratisco. So you get both worldwide services and log expertise. Responsive? Yes. Flexible? Without doubt.

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GGE JUICE 15,000 lbs. cents/lb Close Prev High Low-138,00 136,80 138,00 137,25 131,75 131,50 132,00 137,25 130,05 130,15 130,35 129,80 130,95 130,95 131,00 130,80 130,95 131,25 131,00 131,00

Belgium proposes diamond 'alliance'

By Andrew Whitley in Tel Aviv A SENIOR Belgian Minister has made an unexpected call for "an alliance" between the Belgian and Israeli diamond industries, long-standing rivals, to face a common threat from lower cost manu-facturers in the Far East and

The appeal for co-operation made by Mr Marc Eyskens, the Belian Finance Minister, during a visit to Israel this week, received an enthusiastic

industry leaders.
Mr Moshe Schitzer, President of the Israel Diamond Exchange referred to Mr Eyskens' call for the two countries to explore the possibility of making their productive capacities compli-mentary as "a most important declaration."

Israeli exports of cut and polished diamonds in the first half of this year defied forecasts that a plateau had been reached by rising to a record Sibn—compared with \$1.7hn for the whole of 1986. At the same time, however, rising costs have reduced

profit-margins.

In London Israeli Government officials have been holding discussions this week, with the Central Selling Organisation, the De Beers subsidiary which controls the flow of uncut diamonds to the industry, on a possible increase in Israel's supply

allocation.
About 24 per cent of Israel's requirement for "roughs." expected to be worth between \$500m and \$600m this year, is provided by the CSO. But as the local industry has boomed over the past two years so its pressure

on sources of supply has be-come more acute. The balance of Israel's requirement is met largely by traders in Antwerp, contri-buting to the large trade balance in Belgium's favour.

Low Brazilian cocoa estimate 'realistic'

for a main cocoa crop of 3m bags (60 kg each) and 1.5m bags for the temporao crop are realistic, traders in the cocoa producing state of Babia said yesterday, reports Reuter from Sao Paulo.

The International Cocoa Organisation (ICCO) recently put Brazil's October/September crop at 270,000 tonnes (4.5m bags), which was considered far too low by on-don analysts, who put the crop alone at about 3.85m bags.

Earlier estimates of 3.5m bags were largely affected by

China tries to salvage its minerals reputation

BY ROBERT THOMSON IN PEKING

try's reputation as a reliable antimony, though the flow of supplier of metals and minerals after sudden surges and halts in exports that have left foreign companies with unfulfilled contracts.

Much of the confusion in this centrally planned economy has resulted from a lack of planning and, in particular, blind competition among the three main metals export corporations in Peking. their sub-branches around the country and other provincial trade organisations. Also, some departments have simply stopped exporting because of low world prices.

Rare earth exports have virtually dried up sinceMay while the three organisations, the China Non-ferrous Import and Export Corporation, and Minmetals, attempt to establish a representative body to oversee foreign sales.

The rare earth manager at the Non-ferrous Corporation, Mr.

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The rare earth ma

The rare earth manager at the Non-ferrous Corporation, Mr Niu Yinjian, admitted that China's reputation has been damaged but suggested that exports would resume in a more content, manner lete this year. The rare earth manager at the Non-ferrous Corporation, Mr orderly manner late this year:
"We have to do a lot of preparatory work to set up the new body," he explained. Problems similar to those

afflicting rare earth exports are to be found in numerous other doubling of exports in the China Metallurgical Import and fourth quarter last year compared with the previous quarter, but a sudden slow-down this dustry, also controls 25 per controls 25 pe

Japanese traders report that

THE CHINESE Government is attempting to salvage the country's reputation as a reliable antimony, though the flow of supplier of metals and minerals antimony ingots is continuing. Exports of rare metal alloys in exports that have left foreign companies with unfulfilled constant of silicon has also been spassored.

Import and Export Corporation controls about 50 per cent of exports; the China National Metals and Minerals Import-Export Corporation, or Minmetals as it is popularly known, under the jurisdiction of the Ministry of Foreign Economic Chaletter and Ministry (Metal) areas. China's antimony exports Relations and Trade (Mofert), have fluctuated wildly, with a controls 25 per cent; and the

Officials at the Non-ferrous Chinese were "very unreliable."

Tungsten policy under attack

LONDON **MARKETS**

INDICES

REUTERS

DOW JONES

Sept. 10 Sept 9 M'th ago Yearage

1655.5 1648.1 : 1647.4 | 1497,4

Dow : Sep. Sept. M'th Year

Spot 128,18,127,94 — 121,95 Fut 131,21 130,78 — 122,70

MAIN PRICE CHANGES

ree Market....... \$1655/675 __ 10 | \$16/635

OTHERS
Coorde Pt. Dec. | £1205.5 + 5 | £1296.5 |
Coffee Pt. Nov | £1529.5 - 5 | £1300.6 |
Cotton A Ind. | \$23.26c | 1.35.86.10c |
Ges Oil Nov. | £156.76 | £78156.26 |
Rubber (kilo) \$70p | 1.35.86.10c |
Sugar (raw) | \$158.86 | £3.8 | \$153 |
Wooltops 64s | \$40p kilo - 7 | 512pkilo

† Unquoted. † Per 75-lb flask. c Cents pound. Cotton outlook. v Oct. Aug-Sapt. w Oct-Nov. g Sept-Oct.

THE LONDON Metal Exchange copper market ex-tended its upward run to fine trading days yesterday as strength in the New York strength in the New York market continued to stimulate demand. The cash Grade A position rose £14 to £1,099 a tonne, taking the rise in the past week to £58-50 and establishing a fresh 4½-year high in dollar terms. Traders said sentiment in New York was boosted by the achievement of the crucial 80 cents a lb chart objective. In Lona lb chart objective. In London this was reflected in further trade and speculative buying throughout the afterbuying throughout the afternoon. They added that the
upward move was bolstered
by renewed "borrowing"
(buying cash and selling forward) which widened the
cash premium over three
months copper by £1 to £15.50
a tonne. Copper's strength
helped lead and zinc prices to
post modest rises, but
aluminium and nickel both
eased back a little.

LME prices supplied by

LME prices supplied by Amalgamated Metal trading.

AT TIMINITIM

99,7% purity		tonce	High/Low
Cash	1674-6	2.5	1675
3 months	1640-5		1628/1624

Barley Fut. Nov.2100.90 +0.852100.10 Melze £105.00 -0.2165.00 Wheat Fut. Nov.2105.80 +0.892101.80 No. 2 Hard Wint. 1 Official closing (am): Cash 1,650-60 (1,680-70), three months 1,624-6 (1,640-50), settement 1,660 (1,870). Final Ket-close: 1,640-5. Ring turnover: 300 ALUMINIUM-99.5 per cent

purity tonn		<u> </u>
Cash 992-3 3 months 972-3	-5.5 -3	990/988 974/968
Official closing (997-8), three end settlement 990 (9 971-2. Bing turn	19ths 967-7 98). Final	<i>.5</i> (975-6) Kerb clos

COPPER

e	Grade A	Unofficial + or close — High/Low
đ	Cash 5 months	1988,5-8,5 + 14 1099/1091 1083-4 +18 1084/1067
	(1,081-2). (1,087-8),	osing (am): Cash 1,081-2 three months 1,075-5.5 settlement 1,092 (1,082). close: 1,083,5-84.
٩	Standard Cash	1088-94 +9.5

Official closing (sm): Cash 1,080-5 (1,076-80), three months 1,070-3 (1,082-5), sattlement 1,085 (1,080). US Pro-lucer prices 50-85 cents a pound. fotal ring tumover: 75,550 transs.

LEAI			Persistan Under pres Commissica Drexel Sum	Second	ensily	, reports.
: 1	Unorficial + or close (p.m.) - £ per tonne	High/Low.	origins ven	y close to	CHILL	ent fevels,
Zesh Montha	414-5 +2.5 396,5-97 +1.75	417,75/417 398/395	COFFEE	Yesterday close	+ or	Business done
(415-6), I.5), set :lose: 35 :onnes.	closing (sm): C three months 397 tlement 418 (416). 35.5-96. Ring turn US Spot: 42 cent	-7.5 (393.5- Fixe) Kerb lover: 8,200	Har	1329-1830 1358-1858- 1370-1874 - 1391-1885 - 1410-1417	-5,0 -4,0 +0,5 +5,5 +5,0	1810-1291 1344-1323 1369-1350 1380-1364 1391-1389 1415-1405 1435-1420
NII OY	· E1		Sept	1430-1487	3.5	

NIÇKI	EL.	Sales: 3.129 (3,033) lots of & tonnes.
	Unofficial + or close (p.m.) - High/Low	1CO indicator prices (US cents per pound) for September 9: Comp. daily 1979 107.78 (106.19); 15-day average 103.19 (102.41).
Cash 5 months	3200-6 -2,5 5200 3205-10 - 5229/6190	COCOA
(3,185-95). (3,180-5).	closing (am): Cash 3,198-202 three months 3,208-10 sattlement 3,202 (3,195). close: 3,190-200. Ring turn- tohnss.	Futures, despite trading in good volume, were confined to 8 narrow range. Manufacturers were again prominent; but origins reasin relucions to participate, reports Gill and Duffus.
ZINC		Yesterday's - or Business

	Unofficial + or close (p.m.) — £ per tonne	High/Low
Cash 3 months	460.5-61 +7.25 465.5-66 +8.25	466,465
(447-7.5), sattlement close: 46	closing (sm): Cast three months 465- 461.5 (447.5). I 6-6. Ring turnov US Prime Western ound.	6 (452-3), Anal Karb er: 7,825
Ì TIM		

KUALA LUMPUR TIN MARKET—Close 6.88 (18.85) ringgit per kg. Up 0.03. LONDON METAL EXCHANGE

. 1	KADED	OFITORS		
	Strike Price	Calls	Puts	
	S/tonne	Nov.	Nov.	
liumin- ium 99.7%	111	Ξ	Ξ_	٠
		Hov. Jan.	Nov. Jan.	
lumin- ium 99.5%	1,575 1,600 1,625	- 641 ₂ 78 55 61 -	45 91 56 1054	
opper Grade A)	1,725 1,750 1,800	821 ₂ 841 ₈ 571 ₂ 631 ₂	38 731 ₂ 48 85	•

GOLD
GOLD BULLION (fine ounce) Sept. 10
Close
GOLD AND PLATINUM COINS
Am Eagle,\$473.478 (2287-2901s) Mapleleaf\$4731s.4761s (2287-2901s) Mapleleaf\$4731s.4761s (2287-2901s) Id Krug\$2241s.9431s (21471s.1481s) 4 Krug\$1181s.12841 (2701s.754s) Angel\$471.474 (22861s.2881s)

US MARKETS AFTER A quietly steady

morning, precious metals moved higher in the after-neon on trade buyintin gold neon on trade buyindin gold and fund and sprulative buying in silver, which touched off stops, teports Drexel Burnham Imbert. At the highs profitaking emerged to pare gains. Copper steaded of fund and trade buying effere settling in mid-rang on profit-taking. Crude oil and trade of fund and settling in mid-rang on profit-taking. Crude oil rallied on fund and tade buying which touched off commission house ops before good trade scing above \$19.70, basis Octer, pulled prices back. Upd manufacturer, trade and hall buying firmed cocoa in eay trading, forcing commission. buying firmed cocoa in edy trading, forcing commission houses and speculators of cover their short position. The market them drifts lower on arbitrage and speculative selling before traditive selling before traditive selling networking re-emerged. Sugal fell on trade selling and remained on the defensive until commission house and trade buying steadled the market towards the close. market towards the close. Coffee fell on local and trade selling before commission house buying emerged at the lows. Cotton firmed on commission between the commission of the mission house short-covering in the face of trade selling as the market awaited yester-day's crop report. Orange day's crop report. Orange juice was mixed as commission houses sold September and bought November. Live cattle and feeder cattle moved lower on technical selling and profit-taking. Hogs and pork beliles eased in response to large hog runs and lower cash prices. Maize firmed on commercial buying. Professional buying firmed soyabean meal but spread selling in the oil eased prices despite reports that India had

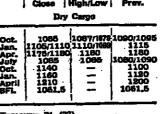
y Nov. z Dec.			abean		2 1124	Feb April June	9.30 9.12 8.80	68.52 69.37 68.92	68.72 69.45 68.90	
SILVER		YÖF		· —		Aug Oct LIVE I	25 26 100 30,0	67.32 66.25 00 ibs,	67.65 66.60 cents/lbs	
Silver was fixed 8.7p an ounce higher	ALUMII	MIUBI 40	,000 lbs,	, cents/l	b .	. .	950	Prev	High	
for spot delivery on the London bullion	ļ —	Close	Prev	High	Low	Oct	\$ 7	50.46	50.95	4
market at 481.65p. US cant equivalents	Sept	78. 2 5	80,00	79.50	79.50	Dec Feb	窑	48.92	49.25	-
of the fixing levels were: Spot 759.5c,	Oct	78.30	78.90	_		April	72	46.62	47.05	•
up 7.85c; three-month 773.2c. up 7c;	May	77.20	77.76	_	_	June		43.32	43.62	•
six-month 768.7c, up 7.2c; and 12-month	Dec	76.25	76.50	77.00	76.60	July	#	45.00	45.05	- 1
821,25c, up 6.4c. The metal opened	Jen	74.85	75/45	73.50	73.5)	Aug	43.	45.20 43.90	45.22 44.20	- 5
at 457-458 p (751-753c) and closed at	March	72,35	73,25	· -	_	Oct	41.4	41.30	41.20	- 7
462-4631 ₂₀ (761-783c).	May	69.45	70.35				1			_:
	July	<u> </u>	69.55	<u> </u>		MAIZE	5,000	min, c	ents/56lb	ж
SILVER Builton + or LM.E. + or	COCOA	10 tonz	186. \$/20	HETOS		- MOT	HIGH	ABL	CIOSO	_
per Fixing - p.m		Close	Prev	High	LOw	Sept	165.6	163.0	166.0	1
troy oz price Unofficili	Sept	1851	1840	1876	T860	Dec	175.0		175,0	1
	Dec	16.57	1965	1876	1850	March	185.0		185.0	1
Spot	March	1890	1889	1898	1883	May Joly	190.0		190.6	1
3 months. 473.20p +8.89 772c +8	May	7916	7915	1923	1910	Sept	192.2	1.00.0	192_2	1
6 months 465,10p 49,29 12 months 506,75p 48,28	July	1941	1943	1947	1939	Dec	191.0 197.0	1000	191.0	3
it (monure, sue, rop jre,zej — —	Sept	1963	T964	1975	196X				197.0	
LME-Turnover: Nil (1) lots of 10,000	Dec	T293	1995	2000	1990	PORK I	ELLIES	3000 Ib	d. cents/	ы
DURCES.	COFFEE	4 C ~ 9	7,500 lb	L contra	The state of		Close		High	_
Three months final karb: 771-3c.	. ====					Feb	59.85	0.00	61.70	
Mind meliting and soles to com-		Close	Prov	High	Loy	March	58.95	0.02	60.76	Ī
·	Sept	115.25	116,30		114.80	.May	59.90	1.50	61.25	Ē
	Dec	117.70 121.02	118.66 121.56	118,20 121,50	717.00,	July	59.90	Lso	60.60	Ī
COFFEE	May	121.02	122.50	122.75	122.20	SOYAB	FANS	_		_
	July	124.75	124.50	121.99	123.76	5.000 8		- Cal-/*	Offi-books	ė
Persistant trade selling kept Robustas	Sept	124.05	124.56	1000	-		Close			<u> </u>
under pressure and easily absorbed						Sept	524.2	-	High	
commission boose baying, reports.	COPPE		DA, cen		:	Nov	525.2	514 514	524.2 - 525.4	
Drexel Sumban Lambart. With some		Closs	Prev	High	Low	. معل	537.2	524	531.2	-
origins very close to current levels.	Sept	81.65	30.40	, \$1.90°	90.50	March	637.2	53	537.4	ě
dealers were kappy to sell into the	Oct :	80.75	79.55		i	May	542.4	- 536	543.0	

80.75 79.56 80.20 78.46 79.05 77.85 77.80 76.66 77.10 76.66 77.10 76.66 76.20 76.60 76.20 75.65 76.20 75.65 May 542.4 536 May 540.0 537 Aug 540.0 533 78.16 76.85 77.15 78.60 SOYABEAN MEAL 100 to COTTON 50,900 lbs, cents/fb Ciose 73.25 73.04 74.45 74.95 74.48 98.25 66.30 Prev 73.15 72.65 74.07 74.95 74.05 68.35 66.15 High 74.50 74.20 75.40 75.90 75.40 69,95 67.20 Sopt Jet Jes an farch lay aly ag tet CRUDE OIL (LIGHT) 42,000 US gallons, S Low m 16.34 16.25 16.46 19.50 19.35 (arch 16.70 16.70 16.76 16.90 19.16 19.16 19.16 19.16 19.16 19.16 19.16 19.16 19.16 19.16 19.16 19.20 19.16 19.20 19.16 19.20 19.16 19.20 19.16 19.20 19.16 19.20 19.16 19.20 19.16 19.20 19.16 19.20 19.16 19.20 19.16 19.20 High 19.75 19.52 19.42 19.35 19.34 19.27 19.30 19.22 19.20 19.10 Prev 19.38 19.22 15.17 19.14 18.13 19.13 19.13 19.13 19.13

1167-1173 +4,5 1174-1170 1205-1205 +5,0 1212-1998 1236-1238 +4,5 1245-1238 1259-1250 +5,5 1255-1258 1278-1261 +4,5 1255-1277 1238-12301 +4,5 1248-1277 1238-12301 +4,5 1248-1277 1259-1322 +3,0 1367-1517 SPOT PRICESE: Chicago loose lend 15.50 (same) cents per pound. Handy and Marman silver bullion 784.0 (750.5) cents per troy ounce. New York tin 318-319 (asme) cents per pound.

158.00 sellers. Barley: English feed: Jan/March 108.00 buyer English. HGCA — Locational ex-farm spot prices. Feed barley: S. East 94.90, W. Midfands 94.20, N. West 96.40. The UK monetary coefficient for the week beginning Monday September 14 will remain unchanged. iCCO Indicator prices (SDRs per tenne). Delly price for September 10: 1,505.18 (1,486.48); 10-day average for September 11: 1,553.75 (1,584.41). FREIGHT FUTURES

Uncertainty preveited during a very quier day, giving rise to wide spreads. Switching between October and January was evident. Little physical news was reported except a romograd Sulf/Taiwan fixture at \$15.00 which was felt to be slightly bearish, reports Clarkson Wolff. POTATOES-The market again took its cue from weather prospects, and with the immediate forecast remaining uncertied, futures held smedy. The day's range was quickly established during early trade and the bulk of the session saw limited movement in thin volume, reports Colay and Harper. | Close | High/Low | Prev.



Tumover: 71 (32). GRAINS

values then i to star to liq	sumer bu to furthe prices east ldy but clo juidate for Roddick.	ir con ed. B sed wi	tract high larley atte th shippén	s but impted s keen	CRUDE OIL—FOB (5 pe
WHEAT Yest'rdy's + or Y		BARL Yest'rdy's close		Arab Heavy	
July	105.80 108.80 110.60 113,15	+0.20 +0.50 +0.25	100,90 103,60 106,05 107,60	+0.59 +0.06 +0.29 +0.25	PRODUCTS—North West Prompt delivery cif (5) Premium gasoline
4.95, March July 1 100, to 101.05- 106.05- lots of	Nov 108.50 111.50-10 115.80-5.50. 115.80-5.50. 115.80-5.50. 115.80-5.00 115.80 11	-5.80, .80, A . Sale riey: 1 103.	Jan 108.5 Aay 113.5 es: 558 k Sept 98.85 80-3.70 50. Sales	0-8.15, 0-3.10, ots of i, Nov March :: 176	SOYABEAN N
Northe 95.75, Winter 11½-12 March English Oct/De	DON GRAI m Spring I Nov 97.00 : Oct 92.0 per cent: 142.00, Ap i feed, fo	No 2, 1 US O, Nov Oct/N rii/Jun b: Oc D-108,0	14 per cen No 2 Soi 92.25, 1 Iov 137.50, s 148.00 s	t: Oct fz Red French , Jan/ ellent. 107.75, March	Det torine Det. 134,5-182,8 Dec. 129,9-181,5 Fab. 129,9-181,5 June 125,5-128,0 August. 124,8-185,0 October 122,8-187,0

SOYABEAN MEAL

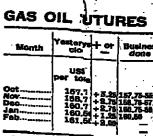
Sales: 328 (618) lots of 40 ton:

	Yesterd'ys closs	+ or	graiue graiue
FabApril	127,5-129,6 129,8-130,5 138,5-161,5 125,6-128,0 124,9-195,0	+0.85 +0.18 +0.86 +0.86 +0.25 +0.25	
Sales: 15	3 (803) fot	s of 2) tonne

SUAR LORON DAILY PRICE—Raw sugar \$158.8(198.80), up \$3.80 (up £3.20) a tonneor September-October delivery. White yer \$185.00, up \$1.00.

The State of the S

tady



PHYSICALS—Closing ices (buyers):
Spot: 70.00p (same) Oct 69.00p
(68.75p): Nov 69.25p 3.00p). The
Kusla Lumpur fob prices Matay/Singapere cents) per kg ws RSS No 1
288.0 (same); SMR 20 3.5 (240.5).

BRAZIL'S 1986-87 estimates

One Salvador trader said the rainless season had caused "more than enough damage."

a prolonged drought, one trader said, adding the situa-tion could worsen if dry weather continued.

BY A SPECIAL CORRESPONDENT IN VANCOUVER producer, suggested that China should close the "back door" into Hong Kong, through which he said tungsten materials were leaking into the market, and buy back the 3,000 tonnes traders hold there, in order to boost prices.

An official of Minmetals (the China National Metals and Minerals Import-Export Corporation) described the suggestions as "constructive."

The symposium had earlier considered the supply and demand balance for Tungsten pre-CHINESE REPRESENTATIVES at the Primary Tungsten Association's fourth International Tungsten Symposium in Van-couver this week were left in no doubt that their country was held largely responsible for the low prices which have forced the closure of most mines in the

low prices which have forced the closure of most mines in the West.

With US/Chinese negotiations on an orderly marketing agreement still in progress, however, delegates were not surprised that little was learned about China's tungsten export policy, which has seen sales recently at or below concentrates costs.

Mr Jocelyn Waller, of Charter Consolidated, which owns Beralt, the Portuguese tungsten in the boost prices.

The Chinese should limit has sociation. This showed world production of Tungsten ores and concentrates falling 1,400 tonnes behind consumption in 1987-88. The projected should also stop selling forward at prices linked to the quotation in London's Metal and Concentrates costs.

Mr Jocelyn Waller, of Charter to manipulation, and they in the short term. In the should charge more for their look was less encouraging medium term, however, the outon an orderly marketing agreement still in progress, however, delegates were not surprised that little was learned about China's tungsten export policy, which has seen sales recently at or below concentrates costs.

Government's aim in reorganis-ing metal and mineral exports

is to find a balance between decentralisation and control. He was confident that in his particular area, rare earths,

China will not suffer because of its tarnished reputation: "It is not a big problem. A lot of our

rare earths have been produced

in many other countries.

The Chinese have even refused to negotiate with their largest rare earth buyers, the Japanese, in recent months. Mr Niu said this was because "we have a paried of advantages"

have a period of adjustment," but a Japanese company repre-

sentative said simply that the

medium term, however, the out-Beralt, the Portuguese tungsten, ferro tungsten. Tight supplies lift wood pulp prices

BY ROBERT GIBBENS IN MONTREAL

advertising inserts are taking

another upward step. Weyerhaeuser Inc, a major

follows increases announced by steadily over the past two years Swedish producers in the Euro- and the latest increase is expecpean market, and is expected to ted to lead to higher newsprint be followed by other North prices before long, and also in-

WORLD PRICES for bleached European and Asian prices by the tightness of the market kraft wood pulp and for light. \$25 to \$635 a tonne and its Some North American pulp proweight coated paper used in advertising inserts are taking to \$610. The move, effective October 1, Pulp prices have been rising

North American supplier of pean market, and is expected to ted to lead to higher newsprint Northern softwood pulp to be followed by other North prices before long, and also inworld markets, has increased its American producers because of creases in other grades of paper.

Christopher Stobart reports on Brazil's power problems

Electric shocks for aluminium producers

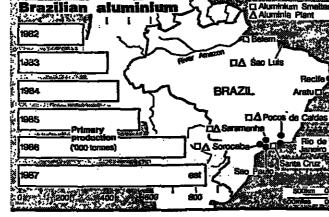
ALUMINIUM SMELTING is an energy intensive industry and in recent years Brazil has been able to offer producers the ideal conditions to take advantage of that fact. The country's policy of encouraging industry with cheap electricity has been enhanced for aluminium companies with prices even lower than those charged to other industrial users.

The confidence of the Brazilian industry has been severely shaken this year, however, by the discovery that its apparently secure supply of cheap electrical power is neither secure nor particularly cheap any more.

Even after allowing for the country's notoriously high inflation rate, the rise in Brazilian power tariffs to aluminium producers this year means that they are no longer the bargain

dant energy supplies since 1980 strong competition has de-veloped between a small number of countries with the

been reflected in its production surge from less than 300,000 Proponents of further expansion have been given food for



industry's growing importance as a source of export revenue for Brazil—in 1986 its net earnings rose to \$456m. It has confirmed its important role in the industrialisation of the

of Rio de Janeiro. There are worth over firm plans to double the size price level.

tonnes in 1982 to a projected thought this year, however, by ability of power are also delay-243,000 tonnes this year. This a double blow to the industry's ing a decision on the expansion has consolidated the aluminium economic base.

Four increases in power tariffs during the first half of the year added up to a rise of 306 per cent in local currency terms and nearly 40 per cent

industrialisation of the country's under developed northern region.

Apart from raw material, electric power is the largest single component in the cost of producing aluminium—the typical smelter uses 15,000 kilowatt hours to produce one tonne of metal.

In the period of more abundance of the industrialisation of the industrialisation of the country's under developed northern region.

During the 1980s Companhia hours of power supplies to some plants.

Vale do Dio Doce, the state-owned mining company, has, in a joint venture with a Japanese consortium, brought on stream the 160,000 tonnes-a-year Albras smelter uses 15,000 smelter at Belem, near the mouth of the Amazon and nearly 40 per cent in dollar terms.

The problem has been confined to the region in the north-salar of the country's event has been the loss of reliability of power supplies to some plants.

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The problem has been confined to the region in the north-salar of the country served by the Companhia Hidro-Electrica with the problem has been confined to the region in the north-salar of the problem has been confined to the region in the north-salar of the problem has been confined to the region in the north-salar of the problem has been confined to the region in the north-salar of the problem has been confined to the region in the north-salar of the problem has been confined to the region in the north-salar of the problem has been confined to the region in the north-salar of the problem has been confined to the region in the north-salar of the problem has been confined to the region in the north-salar Billiton of the Netherlands, the but it has been had enough to 90,000 tonnes-a-year Valesul cause production losses of smelter at Santa Cruz, south almost 4,000 tonnes a mouth, cause production losses of almost 4,000 tonnes a month, worth over \$6m at the current

veloped between a small number of countries with the natural resources needed to offer attractive power contracts to prospective investors in new primary aluminium smelters.

The leading contenders have been Venezuela, Brazil and the Canadian province of Quebec, all with hydro-electric power and the Australian states of Queensland and Victoria, with coal-based electric power.

Brazil has been the favourite Brazil and this has location, however, and this has location in the continuous to increase Alumar's sorth-east.

Or Kio de Jangello.

In addition Billiton has for the lowest for 54 years, while demand for power was abnormally heavy. To make matters ally heavy. To make matters all Billiton's Alumar and Alcan's minium producers in Brazil Arstu. Doubts about the avail- must surely be numbered. ing a decision on the expansion

The neighbouring utility, Electronorte, has a surplus of power from its Tucurui hydroelectric station which would be more than sufficient to make up the CHESF deficit. But the transmission capacity between the two systems is limited to a single 500 ky line, and that is already overstretched. A branch of that line supplies Alumar, which is why that smelter has had to suffer from the power shortage.

Six construction companies are working on the doubling of the 800 km line, but their work is not likely to be completed before April next year.

By then, assuming a normal rainy season, normal service should have been restored any-

insufficient investment in the generation, transmission and distribution of electrical power to meet a demand which has been growing at more than ? per cent a year since 1980 will remain, however. The plain fact is that Brazilian utilities have been selling power too cheaply.

A recent government report warned that the risk of power shortages in the south and south-east of the country have increased significantly and that increased significantly and that sustained capital investment of the order of \$6bn a year will be required if forecast demand is to be met. Otherwise the region could be faced with the sort of problems now being seen in the north-east.

Christopher Stobart is a direc tor of Commodities Research

July in lita

Yesterday's Previous Business Month close close done 85.50; 85.80 86.00-85.60 95.00; 92.50; 85.50; 86.00 86.00 133.90; 152.80;134.80-133.00 148.50;146.80;148.00-147.50 Seles: No 6 3:9 (6,582) lots of 50 tonoes; No 5 2.2 (2,386). Tate and Lyt delivery price for granulated basisginger was £200.00 (£198.00) a tonnest; export. International Star Agraement—(US cents per pound_5 and stowed Caribbean parts). Pris for September 9: Daily price 5.78 (53): 15-day average 5.49 (same). Change Latest + or er barrel) Sept.

RUBBER

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Short covering boosts dollar

AS THE market reached a state of complete confusion about today's UK retail prices index for August tons ahead of the US trade UK retail prices index for August tons ahead of the US trade using the course was to buy the dollar, in an attempt to square positions, or at least limit potential losses.

Forecasts for the July deficit have been in the region of \$150n and \$160n, compared with \$15.71bn in June, but the range of estimates covers from \$130n to \$17bn, and it has been rumoured the proper to the proper currencies and the downward the yen.

Sterling remained quiet. The gained on covering of short positions ahead of the US trade figures.

Dalers were divided about the change in the level of year-on-year inflation. It appears likely the pound will be more affected by the US trade figures.

The pound lost ground to a firmer dollar, but was stronger against European currencies and the downward trend would include temporary rallies.

estimates covers from \$135n to \$17bn, and it has been rumoured the figures could be as high at

With so many different forecasts. it is not clear what the initial impact of a delicit in the region of \$16bn will be, and how much this has already been discounted. Yesterday's news of a cut in the Japanese trade surplus, including a reduction in the surplus with the US, provided the dollar with support but also added to the confu-sion. The Japanese figures were for August, and the US figures will be for July, when the Japanese surplus was much higher.

On the other hand the news did encourage hopes that even if the US deficit is bad in July there will have been an improvement in

August.
The dollar moved back above
DM 1.80, rising to DM 1.8065-from
DM 1.7965. It also improved to
Y142.50 from Y141.55; to Fr 1.4950 from SFr 1.4870; and to FFr 6.0425 from FFr 6.0125. On Bank of England figures the dollar's index rose to 100.8 from

STERLING — Trading range against the dollar in 1987 is 1.8885 to 1.4710. Angust average 1.5985, Exchange rate index was unchanged at 72.9, compared with

£ IN NE	W YORK	-
Sept. 10	Litterg	Previous Close
£ Spot 1 month 3 months 12 months	1.6590-1.6600 0.32-0.30pm 1.01-0.98pm 3.15-3.05pm	1.6460-1.6470 0.32-0.31pm 1.00-0.97pm 3.00-2.90pm

3 months 12 months		98pm 1 05pm 3	.00-0.97pm .00-2.90pm
Forward pr U.S. dollar.	emipros and	discounts a	apply to the
STERLI	NG IND	EX .	
		Sept. 10	Previous
	201 201 201 201 201 201 201	72.9 72.8 72.9 72.9 72.9 72.9 73.0 73.0 73.0	73.1 73.1 73.2 73.2 73.1 73.2 73.1 73.1 73.1
CURRE	NCY RA	TES _	
Sept. 10	Bank rate	Special Brawing	European Currency

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S.J., 120mg, 120

2 2C 5 233

A LANGE OF THE PARTY OF THE PAR

Sept. 10 Back mite % Sterling —	Special Brawley Rights 0.786R3 1.29390 N/A N/A N/A	Description of the control of the co
U.S. Dollar	1.29390 - N/A N/A N/A	1.14745 1.51773 - 14.5864 43.0896
Netk Guilder 49: French Franc. Inshar Lieu 12 Inpanero Ves 12 Inpanero Ves 12: Inpanero Ves 12: Inpanero Peseta 7: Inpanero Peseta 7: Inpanero Peseta 7: Inpanero 13: Inpanero		2,07207 2,33245 6,93244 1561,78 163,535 163,535 139,186 7,38525 2,77544 458,325 0,777616

CURRENCY	r'	
Sept., 10	Bank of England	Mor Goar

Sept. 10	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.9	-20.6
أـــــــــــــــــــــــــــــــــــــ	100.8	-6.2
Canadian Dollar	78.0	~10.2
Austrian Schlöding	237.B	+10.1
Belgian Franc	99.8	-4.7
Dagish Krone	90.7	+0.8
Deutsche Mark	147.0	+21.B
Swiss Franc	173.3	+25.0
Guilder	1353	+14.5
Freach Franc	71.3	-13.1
Lira	47.2	-184
Yen	223.1	+66.1
Morgan Guaranty 1982-100. Bank of	changes: a England index	verage 1980- (Base average

		<u> </u>	2.1		<u> </u>	
organ G	uaranti	v chan	06C- 81		1986	
2=10D. B	ank of	England	index	(Base		
= 200).						

1982-100. Bank of England intex (Base average 1975-100).			
OTHER	CURRENCI	ES	
Sept 10	£	\$	
Argentina	3.9140-3.9305 2.2615-2.2645	2.3750-2.3840 1.3750-1.3765	
Brazil Finland Greece	80.6040-81.0420 7.2680-7.2205 224.75-228.35	48.9250-49.1700 4.3850-4.3880 136.85-139.05	
Hong Kong . Iraz Korea(Sth) .	12.8430-12.8605 117.95* 1321.75-1333.75	7,7996-7.7990 70,55* 803.30-809.70	
Kengait	0.46250-0.46300 61.70-61:80	0.29065-0.29075	
Metaysia Mexico N. Zeatand .	4.1365-4.1385 2499.25-2503.60 2.6665-2.6715	2-5115-2-5130 1517-90-1519.00 1-6215-1-6235	
Saudi Az Singapore S. Až. (Cm) .	6.1800-6.1855 3.4410-3.4475 3.3415-3.3570	3.7500-3.7510 2.0890-2.0995 2.0375-2.0415	
S. At. (Fm)	5.3995-5.5825 49.40-49.65	3.2785-3.3895 . 30.05-30.15	

1975=100) <i>.</i>	Man or Degrad i	
OTHER	CURRENCI	ES
Sept 10	£	5
Argentina	3.9140-3.9305 2.2615-2.2645	2,3750-2,3840 1,3750-1,3765
kazii pdaod	80.6040-83.0420 7.2660-7.2205	48.9250-49.1700 4.3950-4.3880
kong Kong .	224.75-228.35 12.8430-12.8605	136.85-139.05 7,7900-7.7990
razi (orea(Sth)	117.95* 1321.75-1333.75	70.55° 803.10-809.70
unterbourg	0.46250-0.46300 61.70-61:80	0.28065-0.28075 37.50-37.60

Korea(320) - Korea(320) - Luxembourg Mataysia - Mexico - L. Zealand - Saudi Ar Singapore - S. Af. (Cm) - Calwan, - Lawan, -	15217-15317-0 0A6-250-14300 61.70-61-80 41365-41365 24962-2-8715 61900-61855 3410-3-4475 33415-33570 53975-5-5825 49.40-49.65 60520-60580	803.05-50.28075 37.50-37.60 25115-25130 1517.80-1519.00 16215-1.4235 3.7500-3.7510 2.0890-2.0905 2.0375-2.0415 3.2785-3.8895 30.05-30.15 3.6725-3.6735	PI FI S'I Li
	"Selling rate.		Yes
·		· · · · · · · · · · · · · · · · · · ·	

MONEY MARKETS Steady trading

CREDIT CONDITIONS remained of \$250m, but revised this to £300m at noon. Total assistance of £155m was given.

about interest rates was focused on the dollar and today's US trade figures.

In Frankfurt the domestic day today credit situation was given.

Before lunch the authorities bought 250m bank bills outright in band I at 9% per cent.

The Bank of England did not intervene in the market in the equally calm, with dealers seeing afternoon, but provided late little prospect of any early change assistance of around £105m. little prospect of any early change in rates, unless there is a move by the US authorities to stem the dollar's decline. The West Ger-man Bundesbank council met yesterday, and as expected left

UK clearing bank base lending rate 10 per cent

since August 7 remained high. Commercial banks held DM 61.7bn in reserve holdings at the Bundesbank on Tuesawaited with some trepidation, however, after rumours of some larming deflicit figures in the region of \$20bn Expectations still point towards a shortfall of DM 51bn.

In Paris the Bundesbank on Tuesday, raising the average for the first eight days of September to DM 59bn, against an expected average of about point towards a shortfall of DM 51bn.

In Paris the Bank of France left around \$160n, but dealers fear Is Paris the Bank of France left that more bad figures on trade is money market intervention rate will lead to a strong attack on the at 7½ per cent, when injecting a dollar. This in turn may be met net FFr 9.6bn into the banking with another rise in the US dis- system via a two-tranche repurch-

with another rise in the US discount rate, leading to upward pressure on interest rates in other major financial centres.

The mood of uncertainty led to a slight rise in longer term London money market rates, with 12-month funds rising to 10%-10% per cent, but three-month money was unchanged at 10%-10% per cent, but three-month money was unchanged at 10%-10% per cent. The Bank of England initially forecast a money market shortage forecast a money market shortage advances expiring today.

Sterling fell 60 points to \$1.6445.

1.6455, but rose to DM 2.9725 from DM 2.9650; to FFr 9.94 from FFr 9.9275; to SFr 2.46 from SFr 2.4550; and to Y234.50 from Y233.75.

The ven lest segment and to Y234.50 from Y233.75.

The ven lest segment age.

and to Y234.50 from Y233.75.

D.MARK — Trading range against the dollar in 1987 is 1.9305 to 1.7690. August average 1.8573. Exchange rate index 147.9 against 146.8 six months ago.

The D-Mark eased against the dollar in thin Frankfurt trading. The US currency rose to DM1.8035 at the Frankfurt close from DM1.7940, the highest finishing level of the week.

The Bundesbank did not intervene in Frankfurt, when the dollar was fixed at DM1.8053, compared with DM1.7928 on Wednesday. The fixing was near the upper end of a narrow trading range in the morning, as the US currency IMMT DATES.

	Eco central rates	Currency amounts against Ecu Sept 9	%-change from Central rate	% change adjusted for divergence	Divergence Hmit %
Betglag Franc	42.4582	43.0713	+1.44	+0.70	± 1.5344
Danish Krone	7.85212	8.02472	+2.20	+1.46	± 1.6404
German D. Mark	2.05853	2.07207	+0.66	-0.08	± 1.0983
French Franc	6.90403	6.93522	+0.45	-0.29	± 1.3674
Dintch Guilder	2.31943	2.33239	+0.56	-0.18	± 1.5012
Irish Punt	0.768411	0.778639	+1.33	+0.59	± 1.6684
Italian Lira	1,483.58	1,501.89	+1.23	+1.14	± 4.0752

ary rallies.

Changes are for Ecu, therefore positive change denotes a wesk currency. Adjustment calculated by Financial Times.
POUND SPOT-FORWARD AGAINST THE POUND

6400-1.6490 1730-2.1796 3.32-3.344			222		
	2 1730.2 1740 (2.22	1.03-0.96 pm	2.44
2 22 2 221			0.55	0.40-0.28 per	0.63
J.36-3.3+4.	3.33%-3.34%	14-14 c par		4-31 _k pm	4,64
61.58-61.96	61.70-61.80	19-14 c pm		60-50 pm	3.56
12.45%-11.50	11.47%-11.48%	4 par-7s one dis	-0.65	13-23-ds	0.63
1120-1.1175	1.1145-1.1155	0.06-62- 000	0.32	0.17-pay pts	0.30
				43-43c nm	5.89
				240-325 dis	483
				254-306 dis	-2.58
					-316
					-3.60
					126
					-3.75
					5.97
					5,47
2,454-2,4612		Մա-14 cpm	1 536	4-3%, pm	630
	17.45\;-11.50 1120-1.1175 2.96\;-2.97\; 33.38-234-7\; 39.03-200-21 2148\;-2158 .88\;-10.92\; 9.91\;-9.95\; 45\;-10.49\; 294-235 20.88-20.96	1.45\(\)_1.1.46\(\)_1.145\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\)_1.145\(\)_1.15\(\	1.45\(-11.50\) 11.47\(-11.48\) 2, pp-\(-\) ore dis 12.5\(-12.51\) 11.45\(-11.55\) 11.5\(-11.55\) 12.5\(-12.51\) 2.76\(-2.77\) 2.76\(-2.77\) 2.76\(-2.77\) 2.75\(2.45\-1.156 11.77\-11.48\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	2.45\-1.156 11.47\\cdot -11.48\\cdot \cdot \cdot \cdot -1.155 11.45\\cdot -11.155 11.45\\cdot -11.15

1.92-1.87 c pm. 12-month 3.15-3.05 pm		Э14-нарады н
DOLLAR SPOT—FORWARI	AGAINST THE DO	DLLAR

	Day's	j		%	Three	%
Sept. 10	spread	Close	Case snooth	p.a.	picaths	pæ
JK#	1.6400-1.6490	1,6445-1,6455	0.32-0.29c pm	2.22	1.03-0.98pm	2.4
relandt	1,4732-1,4780	1.4755-1.4765	0.23-0.18c pm	1.67		1.7.
anarta	1.9205-1.3240	1.3205-1.3215	0.17-0.20c ds	-168	0.59-0.62 dis	-1.8
leurerlands .	2.0290-2.0350	2.0315-2.0325	0.39-0.36c pm	221	1.10-1.07pm	21/
Belgium	37.50-37.60	37.50-37.60	4-2c pm	0.96	12.00-8.00pm	1.0
ennark	6.973-6.994	6974-6984	0.85-1.35ore dis	-1.89	3.30-3.80 ds	-20
W. Germany .	1.8010-1.8075	1.8060-1.8070	0.52-0.49eFem	136	1.55-1.50om	3.3
* Delumy :	1424-1424	1421-1421		-8.63		-7.7
ــــــ بعرفات	12014-121.55	121.60 121.50	90-120c db	-20.39		-8.0
(4)	1307-131002	13084-13084	7.00-8.085m dis	-6.88		-5.9
Orway	662-6635		340-360pm ds	-6.33	10.00-10.30ds	-6.2
	6.03-6.05	604600	-0.14-0.24c dis	038	0.85-1'15 dis	O.M
	6.364 6.364	6.36k 6.36k	0.86 1.00 ore dis	-1.70	250-280 dk	-16
	142.20-142.70	142.45 142.55	0.42-0.39y pre	341	124-119 nm	34
estrio	1269 1271		4.00-3.00g-o per	330	1T.00-9.00cm	31
	1 4915 1 4965	14945-14955	-0.48-0.45c pm	~939	1:46-1:41: pm	3.4

to the individual currency. Belgian rate is for convertible frames. Financial fram. 37.65-37.75

EURO-CUR	RENCY	INTERES	T RATES	<u> </u>		
Sept. 10	Short term	7 Days notice	- One Month	Three Months	Six Months	One Year
Steriton U.S. Dollar Cas. Dollar Dollar Ser. Franc Ser. Franc Hallan Lire B. Fr. (Fla.) B. Fr. (Coa.) Yes D. Krone Asiza \$Sing	94.94 74.7 9.84 51.54 11.74 37.54 7.57 12.10 61.64 65.64 65.24 94.94 74.74	95,912 74.74 985, 54.54 17.75 17.75 64.64 64.54 104.10 75,74	912 913 70-77 9-854 53-53-34 4-3-75-14 69-65- 61-64 101-10 75-72	10-10-10-10-10-10-10-10-10-10-10-10-10-1	102-102 877 913-913 52-52 42-43 42-43 132-134 74-72 74-44 103-102 84-73	104-105 82-82 102-102 55-52 44-42 43-42 132-134 72-73 72-73 42-42 114-103 85-82

ian \$Sing	74.74	7.7	75-772	74.74	8点-7设	B2 ⁸ -81 ⁵
Long-term Euro nt; five years 1	definer Test		er cont: (brot	vears 95-910 av	er cent: four vo	ers 94-92 i
nt five years II Hers, two days'	Market bear co	Sit lickshipt 24	agry-tgran rans			

Sept. 10	£	S	DMP	Yen	F Fr.	S Fr.	H FL	Lira	C S	B Fi
\$	1.	1.645	2.973	234.5	9.940	2.460	3.343	2153.	2.174	61.7
	0.608	1	1.807	142.5	6.043	1.495	2.052	1309.	1.321	37.5
DIA	0.336	0.553	1	78.89	3344	0.828	114	724.1	0.731	20.7
YEN-	4.264	7.015	12.68	1000.	4239	10.49	1425	9179.	9.2 6/9	263
F Fr.	1.006	1.655	2,990	235.9	10.	2.475	3.363	2165.	2.187	621
S'Ar.		0.665	1,208	95.33	4.041	1	1.359	875.0	0.884	251
H FL	0.299	0.492	0.885	70.16	2974	0.736	1	644.0	0.650	18.4
	0.465	0.764	1.381	108.9	4618	1.143	1553	1000.	1.010	28.6
C S	0.460	0.757	1.368	107.9	4.573	1132	1.538	990.3	1	28.A
B Fr.		2.664	4.814	379.8	16.10	3.984	5.413	3486.	3520	100.

assistance of around £105m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £190m, with Exchequer transactions absorbing £70m, and a rise in the note circulation £25m.

In Frankfurt call money fell to \$150 per cent from \$275 per cent as

3.65 per cent from 3.75 per cent as liquidity in the banking system

107.9 379.8	4.573 16.10	1132 3.984	1.538 5.413	990.3 3486.	1 3.520	28.41 100.
Lira per					_	

4 6736].a ·	644.0	0.650	18.47	LIFFE-	21 EKTIM	والارجيد	2 M
3 116		1000.	1.010	28.69		Close	High 1,6483	Ų
3 1132 0 3.984	1.538 5.433	9903 3486.	1 3.520	28.41 100.	Sept. Dec. Mar.	1.6453 1.6355 1.6270	1.6340	16 16
: Belgian	Fr per 1	00.			Previous	d volume ! day's opes	i int. 922	(908)
T LON	DON I	NTER	BANK	FDIN	G			
01.00 a	JR. Sept.	10) 3 🗪	ests U.S.	dollars	1	6 mant	⊫s U.S. de	ilars
· bkt	72		olfer 7	2	7	H 7%		-

bid 7 <u>2</u>	offer 7&	Nd 73,	offer B
The fixing rates are th	e arithmetic means, rou	ided to the nearest	one-sixteenth, of the bi
The banks are Ranional	proted by the market to the Westwinster Bank, Bank	k of Tokyo, Dantsc	e Bark, Banque Nation
Paris and Morgan Guar	•		
MONEY RATES) 		
NEW YORK		Treasury Bills	
Lunchtime)	Que month	5.75	Three year

WIGHT! IMIE						
NEW YORK (Lunchtime) Primy rate Broker loan rate Fed. famils at intervention	. 85, 17 _ 84, 8 S _ 65, 0	e month		6.05 For 6.55 Five 6.70 Seve 7.64 10 y	Bonds e year year year n year	8.80 8.98 9.23
September 10	Overnight	One Month	Tyro.	Three Months	Şix Mooths	Lombard Intervention
Frankfurf Peris Zurich Amsterdam Tokyo Brian Brissels Dublia	360-370 77-712 7-114 52-54 321875 114-124 455 84-9	3.80-3.75 713-713 33-33- 513-513 3.71875 113-123- 62-64 94-92	5.80-3.95 74-77 — — — — — — — —	3.85-4.00 713-84 31-34 51-57 3.78125 12-121 ₂ 611-64 911-911	4.20.4.35 8½.6½ ~ ~ ~ ~ 10½~10½	50 T2
LONDON MOI	NEY RAT	ES				
Sept. 10	Over-	7 days	Month	Three	Six	One

Brussels	4.55 84.4	69268 94-992	912-914	612-64 913-913	10½~10½	
LONDON MON	EY RATE	S				
Sept. 30	Over- sight	7 days police	Moeth	Three Months	Six Months	One Year
Interhank Sterling CDs. Local Authority Deps. Local Authority Soads Discount Mic Deps. Company Deposits Fisiance Hoses Deposits Freature Bills (Bay) Bank Bills (Bay) Fine Trade Bills (Bay) Deffer CDs.	11-84 92 102-93 94 	92-92 92 93 94 	913-91 913-91 10 95- 95- 95- 95- 10- 7-45-7-40	104-104 104-10 104-104 104-104 104-104 104-104 105-105 750-7-6	101 ₂ 101 ₄ 101 ₂ 101 ₂ 101 ₄ 10 101 ₅ 8.00-7.95	10% 10% 10%
SOR Linked Deposits	}	<u> </u>	67-6	618-618	62.62	74-74

Treasury Bills (sell); one-month 9 & per cent; three-months 912 per cent; Bank Bills (sell); one-month 913 per cent; three months 913 per cent of September 23 to October 25 1987, Scheme I: 11.24 p.c., Schemes II & III. 11.51 p.c. Reference rate for period August 1 to August 28, 1987, Scheme IV: 10.037 p.c. Local Authority and Finance Houses seven days and local, others seven days Back Finance Houses Base Rate 10 per cent from September 1, 1987; Bank Deposit Rates for sums at seven days outlet 3-3½ per cent; cone-three months IV: 10 per cent; three-six months 100, per cent; ski-nine months 105 per cent; alre-12 months 104, per cent; three-six months 105 per cent; ski-nine months 105 per cent; alre-12 months 104, per cent; Under £100,000 B per cent from September 2, Deposits withdrawn for cest 5 per cent.

FINANCIAL FUTURES

Gilts and bonds below best

LONDON

Close High Low 100.47 100.50 100.20 99.82 — — sted Volume 454 (706) as day's open int. 723 (470)

Close High Low 99.70 99.72 99.63 89.43 89.54 89.56 89.54 89.55 89.50 89.52 89.53 89.50 89.41 — 89.47 89.37 — 48.653 (—) 85 day's open int. 18,574 (18,493)

High 92.52 91.71 91.30 91.02 90.79

High 84.05 83.10

Close High Low 1,6480 1,6490 1,6430 1,6835 1,6400 1,6325 1,6310 1,6310 1,6250 1,6300 1,6300 1,6150

Low 1.6430 1.6340

LIFFE-STERLING £25,000 \$ per &

CURRENCY FUTURES POUND-\$ (FOREIGN EXCHANGE) Spot 1-mts. 3-mts. 6-mts. 12-mts. 16450 16420 16350 16261 16140

THREE-MENTH EUROBOLLAR

Sept. Dec. March Jone Sept. Dec. Mar. June Estima

recovery in Tokyo, where the futures were firmer on Liffe, clos-LIFFE US TREASURY BOND FUTURES OPTIONS
Strike Cals—Last Puts—Last
Price Dec March Dec March
76 7.19 b.47 0.25 0.45
78 5.42 5.14 0.48 1.17
80 4.03 3.58 1.09 1.56
82 2.45 2.53 1.51 2.51
84 1.39 1.62 2.45 3.60
86 0.56 1.20 3.62 5.18
88 0.29 0.54 5.35 6.52
90 0.14 0.34 7.20 8.32
Estimated volume total, Cals 30 Pats 61
Previous day's open lat: Cals 77. Puts 283

ling's slide below \$1.65.

Gilt futures touched a peak of 114-13, before easing back in line with bonds, to close at 114-03, compared with 113-22 on Wednesday. Trace gained ground at the Liffe opening, with December delivery starting at 82-04. This followed a Japanese Government bond recovery in Tokyo where the futures were generally not previously. Japanese Government bond recovery in Tokyo where the futures were firmer on Liffe electroscopic and a half may bring wind may bring whether the stability.

Dealers were generally not previous Japanese for the stability.

Dealers were generally not previous Japanese for the stability.

Dealers were generally not previous Japanese for the stability.

Japanese and a half may bring stability.

Japanese and a half may bring wencen.

TRADING on the London International Futures Exchange was nervous, dominated by concern about today's US trade figures.

December long term gilt futures recovered a little of Wednesday's Earlier in Chicago and New losses at the Liffe opening. The contract began trading at 113-28, influenced by the improvement in US bonds, but wary about sterling's slide below \$1.65.

Gilt futures touched a peak of 114-13, before easing back in line with bonds, to close at 114-03, compared with 113-22 on Wednesday.

Dealers were generally not prepared to go too far ahead of the nared with 113-22 on Wednesday.

On the other hand rumour that a Japanese mutual savings bank has suffered large losses on bond trading continued to undermine

LiFFE FT-SE 100 HIDEX FSTURES OPTIONS
Strike Calls -Lax Puts-Last
Price Sept. Oct. Sept. Oct.
22750 2-98 8.03 4.28 4.93
22000 2.02 6.70 5.82 6.10
22520 1.31 5.52 7.61 7.42
22500 0.82 4.50 9.62 8.90
22750 0.88 3.62 11.78 10.52
24000 0.27 2.88 14.07 12.28
24000 0.27 2.88 14.07 12.28
24020 0.15 2.26 16.45 14.16
24500 0.08 1.75 18.88 16.15
24750 0.04 1.34 21.34 18.24
25000 0.02 1.02 2.382 20.42
Estimated volume total, Calls 0 Puts 0
Previous day's open int: Calls 479 Puts 237

	LONDON £12,500		OPTION PERSON		_				
	Strike		Calls	Last			Puls	Last	
Dec.	Price	Sept	Oct	No.	Dec.	Sept	9cs.	Nov.	Dec.
0.02	1.45	12.70		-	12.90	1.50	_	_	2.70
0.12	1.50	16.20	16.20	16.20	16.20	0.30	0.30	0.30	0.40
0.55	1.55	11.20	11.20	11.20	11.20	0.30	0.30	0.4D	240
1.71	1.60	6.20	620	A-30	6.50	0.30	040	1.00	1.50
4.00	1.65	0.90	250	240 115	330 150	0.50	1.80 5.00	280	330
7.45	1.70	0.30	0.80	115	1.50	4.20	5.00	5.80	6.35
1.77	1.75	0.50	· —	_	1.20	15.30	_	_	16.50
	Previous Volume:	day's op 27	es int (als 947	Puts 16	<i>P</i>			
	LIFFE?! Clas poi	ets of 1		FTIONS					
	F- N-				•				
	Strike		Carts-	-1252			Puts-	-Lag	
Dec.	Price	Sept.	Dec.	Mar.	Jone	Sept	Dec_	Mar.	June
0.95	Price 91.50	Sept.	Dec. 0.43	Mar. 0.40	0.44	Sept. 0.00	Dec_ 0.29	Mar. 0.68	1.00
0.95 1.60	Price 91.50 91.75	1.01 0.76	Dec. 0.43 0.29	Mar. • 0.40 0.30	0.44	00.0 00.0	Dec. 0.29 0.40	Mar. 0.68 0.83	1.00 1.15
0.95 1.60 2.30	Price 91.50 91.75 92.00	1.01 0.76	Dec. 0.43 0.29 0.18	Mar. • 0.40 0.30 0.22	0.44 0.34 0.26	00.0 00.0 00.0	Dec. 0.29 0.40 0.54	Mar. 0.68 0.83 1.00	1.00 1.15 1.32
0.95 1.60 2.30 3.70	Price 91.50 91.75 92.00 92.25	101 0.76 0.51 0.27	0.43 0.29 0.18 0.11	Mar. 0.40 0.30 0.22 0.15	0.44 0.34 0.26 0.19	0.00 0.00 0.00 0.01	0.29 0.40 0.54 0.72	Mar. 0.68 0.83 1.00 1.18	1.00 1.15 1.32 1.50
0.95 1.60 2.30 3.70 5.00	Price 91.50 91.75 92.00 92.25 92.50	1.01 0.76 0.51 0.27 0.06	0.43 0.29 0.18 0.11 0.56	Mar. 0.40 0.30 0.22 0.15 0.15	0.44 0.34 0.26 0.19 0.14	0.00 0.00 0.01 0.05	Dec. 0.29 0.40 0.54 0.72 0.92	Mar. 0.68 0.83 1.00 1.18 1.38	1.00 1.15 1.32 1.50 1.70
0.95 1.60 2.30 3.70 5.00 7.00	Price 91.50 91.75 92.00 92.25 92.50 92.75	101 0.76 0.51 0.27 0.06 0.01	0.43 0.29 0.18 0.11 0.96 0.03	Mar. 0.40 0.30 0.22 0.15 0.10 0.06	0.44 0.34 0.26 0.19 0.14 0.10	0.00 0.00 0.01 0.05 0.25	Dec. 0.29 0.40 0.54 0.72 0.92 1.14	Mar. 0.68 0.83 1.00 1.18 1.38 1.59	1.00 1.15 1.32 1.50 1.70 1.91
0.95 1.60 2.30 3.70 5.00	Price 91.50 91.75 92.00 92.25 92.50 92.75 93.00	1.01 0.51 0.27 0.06 0.01 0.00	0.43 0.29 0.18 0.11 0.06 0.03	Mar. · 0.40 0.30 0.22 0.15 0.20 0.06 0.04	0.44 0.34 0.26 0.19 0.14 0.10 0.07	0.00 0.00 0.01 0.05 0.25 0.49	Dec. 0.29 0.40 0.54 0.72 0.92	Mar. 0.68 0.83 1.00 1.18 1.38	1.00 1.15 1.32 1.50 1.70
0.95 1.60 2.30 3.70 5.00 7.00	Price 91.50 91.75 92.00 92.25 92.50 92.75 93.00 Previous	1.01 0.76 0.51 0.27 0.06 0.01 0.00	Dec. 0.43 0.29 0.18 0.11 0.96 0.03 0.01	Mar. 0.40 0.30 0.22 0.15 0.10 0.06 0.04 (alls 2,5	0.44 0.34 0.26 0.19 0.14 0.10 0.07	0.00 0.00 0.01 0.05 0.25 0.49	Dec. 0.29 0.40 0.54 0.72 0.92 1.14	Mar. 0.68 0.83 1.00 1.18 1.38 1.59	1.00 1.15 1.32 1.50 1.70 1.91
0.95 1.60 2.30 3.70 5.00 7.00	Price 91.50 91.75 92.00 92.25 92.50 92.75 93.00 Previous	1.01 0.51 0.27 0.06 0.01 0.00	Dec. 0.43 0.29 0.18 0.11 0.96 0.03 0.01	Mar. 0.40 0.30 0.22 0.15 0.10 0.06 0.04 (alls 2,5	0.44 0.34 0.26 0.19 0.14 0.10 0.07	0.00 0.00 0.01 0.05 0.25 0.49	Dec. 0.29 0.40 0.54 0.72 0.92 1.14	Mar. 0.68 0.83 1.00 1.18 1.38 1.59	1.00 1.15 1.32 1.50 1.70 1.91
0.95 1.60 2.30 3.70 5.00 7.00	Price 91.50 91.75 92.00 92.25 92.50 92.75 93.00 Previous	1.01 0.76 0.51 0.27 0.06 0.01 0.00	0.43 0.29 0.18 0.11 0.56 0.03 0.01 ten int: (Mar. 0.40 0.30 0.22 0.15 0.15 0.06 0.04 Calls 2,5 180 Pats	0.44 0.34 0.26 0.19 0.14 0.10 0.07 0.07 0.07 0.07	0.00 0.00 0.01 0.05 0.25 0.49 3,387	0ec. 0.29 0.40 0.54 0.72 0.92 1.14 1.37	Mar. 0.68 0.83 1.00 1.18 1.38 1.59	1.00 1.15 1.32 1.50 1.70 1.91
0.95 1.60 2.30 3.70 5.00 7.00	Price 91.50 91.75 92.00 92.25 92.50 92.75 93.00 Previous	1.01 0.76 0.51 0.27 0.06 0.01 0.00	0.43 0.29 0.18 0.11 0.56 0.03 0.01 ten int: (Mar. 0.40 0.30 0.22 0.15 0.15 0.06 0.04 Calls 2,5 180 Pats	0.44 0.34 0.26 0.19 0.14 0.10 0.07	0.00 0.00 0.01 0.05 0.25 0.49 3,387	0ec. 0.29 0.40 0.54 0.72 0.92 1.14 1.37	Mar. 0.68 0.83 1.00 1.18 1.38 1.59	1.00 1.15 1.32 1.50 1.70 1.91 2.13
0.95 1.60 2.30 3.70 15.00 7.00 8.90	Price 91.50 91.75 92.00 92.25 92.50 92.75 93.00 Previous Estimate	1 (0) 0.76 0.51 0.27 0.06 0.01 0.00 day's op	0.43 0.29 0.18 0.11 0.56 0.03 0.01 ten int: (Mar. 0.40 0.30 0.22 0.15 0.15 0.06 0.04 Calls 2,5 180 Pats	0.44 0.34 0.26 0.19 0.14 0.10 0.07 07 Pers	0.00 0.00 0.01 0.05 0.25 0.49 3,387	0ec. 0.29 0.40 0.54 0.72 0.92 1.14 1.37	Mar. 0.68 0.83 1.00 1.18 1.38 1.59 1.82	1.00 1.15 1.32 1.50 1.70 1.91 2.13

			E	timated w	okane, Cal	ls 180 Pel	s 81			
	CHIC	AGO					S ser Y200			
_	U.S. TRI \$100,800	EASURY BI 32nds of	04105 (CI 100%	ST) 8%		Sept.	Latest	High 0.7029	Low 0,7007	Prev. 0.7046
-		Latest	High	Low	Pres.	Dec	8,7093	0.7093	0.7067	0.7109
	Sept	83-24	84-06	83-12	83-08	Nac.	0.7147		0.7135	0.7179
	Dec.	82-29	83-11	82-14	82-12	Jane				0.7254
	Mar.	82-01	82-13	81-17	81-15	DE LEG	THE MARK	Paradas.	_	
	June	81-05	81-17	81-05	80-20		000 S per E			
	Sep.	_	_	_	79-27	بجنده				
	Dec	-	_	_	79-05	_	Latest	High	.00	Pres.
_	Mar.	_ =	=	=	78-18	Sept.	0.5545	0.5546	0.5532	0.5551
Ī	Jame	78-20	78-29	78-20	77-29	Dec.	0.5593	0.5595	0.5580	0.5601
	Sept.		_=	=	77-11	Mar.	0.5634	0.5639	0.5633	0.5651
-	Dec.	77-20	77-27	77-20	76-27	Jone			=	0.5704
	Mar.	 A	_	_	76-13	Sept.		0.5760	0.5760	0.5760
					THREE	ARRIVE PUR		Afte CIRACUI		
	U.S. TREASURY BILLS (IMM) Slan points of 180%						MONTH EU	الراوات	RE (1874)	
				M)	_	\$1m po	ets of 100%	6		<u> </u>
				Low	Pres.	Şîm po	latest	High	Low	Pres.
	Şîm pek	its of 180	<u> </u>		Prev. 93.52	\$1m po Sept.	Latest 92.52	High 92.53	Low 92.48	Pres. 92.46
•	Sept. Dec.	Latest 93.56 92.97	High 93.60 93.03	Low 93.56 92.95	93.52 92.39	Sept. Dec.	Latest 92.52 91.65	High 92.53 91.72	Low 92.48 91.64	Prev. 92.46 91.53
•	Sept. Dec. Mar.	Latest 93.56 92.97 92.61	High 93.60 93.03 92.66	Low 93.56 92.95 92.60	93.52 92.39 92.49	Sept. Dec. Mar.	latest 92.52 91.65 91.23	High 92.53 91.72 91.30	Low 92.48 91.64 91.22	Pres. 92.46 91.53 91.10
•	Sept. Dec. Mar. Jun.	Latest 93.56 92.97 92.61 92.33	High 93.60 93.03 92.66 92.40	Low 93.56 92.95 92.60 92.33	93.52 92.39 92.49 92.23	Sept. Dec. Mar. June	Latest 92.52 91.65 91.23 90.95	High 92.53 91.72 91.30 91.02	Low 92.48 91.64 91.22 90.94	Pres. 92.46 91.53 91.10 90.82
•	Sept. Dec. Mar. Jun. Sept.	tts of 190° Latest 93.56 92.97 92.61 92.33 92.15	High 93.60 93.03 92.66 92.40 92.22	Low 93.56 92.95 92.60	93.52 92.39 92.49 92.23 92.04	Sept. Dec. Mar. Jone Sept.	latest 92.52 92.52 91.65 91.23 90.95 90.74	High 92.53 91.72 91.30 91.02 90.82	Low 92,48 91,64 91,22 90,94 90,72	Pres. 92.46 91.53 91.10 90.82 90.62
•	Sept. Dec. Mar. Jun. Sept. Dec.	Latest 93.56 92.97 92.61 92.33	High 93.60 93.03 92.66 92.40 92.22 92.05	Low 93.56 92.95 92.60 92.33	93.52 92.39 92.49 92.23 92.04 91.91	Sept. Dec. Mar. Jone Sept. Dec.	Latest 92.52 91.45 91.23 90.75 90.74 90.55	High 92.53 91.72 91.30 91.02 90.82 90.64	Low 92.48 91.64 91.22 90.94 90.72 90.54	Pres. 92.46 91.53 91.10 90.82 90.62 90.45
•	Sept. Dec. Mar. Jun. Sept.	tts of 190° Latest 93.56 92.97 92.61 92.33 92.15	High 93.60 93.03 92.66 92.40 92.22	Low 93.56 92.95 92.60 92.33 92.15	93.52 92.39 92.49 92.23 92.04	Sept. Dec. Mar. Jone Sept.	latest 92.52 92.52 91.65 91.23 90.95 90.74	High 92.53 91.72 91.30 91.02 90.82	Low 92,48 91,64 91,22 90,94 90,72	Pres. 92.46 91.53 91.10 90.82 90.62
•	Sign policy Sept. Dec. Mar. Jun. Sept. Dec. Mar.	tts of 190° Latest 93.56 92.97 92.61 92.33 92.15	High 93,60 93,03 92,66 92,40 92,22 92,05	Low 93.56 92.95 92.60 92.33 92.15	93.52 92.39 92.49 92.23 92.04 91.91	Sept. Dec. Mar. Jone Sept. Dec. Mar. Jone Stanton	Latest 92.52 91.45 91.23 92.95 90.74 90.55 90.40	High 92.53 91.72 91.30 91.02 90.82 90.64 90.49 90.34	Low 92.48 91.24 90.94 90.72 90.54 90.39 90.90	Pres. 92.46 91.53 91.10 90.82 90.62 90.45 90.29
•	Sign pole Sept. Dec. Mar. Jun. Sept. Dec. Mar. SWISS i SFy 125,	ts of 100* Lates: 93.56 92.97 92.61 92.33 92.15 92.05A **RANC (LM 000 \$ per	High 93,60 93,03 92,66 92,40 92,22 92,05 	Low 93.56 92.95 92.60 92.33 92.15	93.52 92.39 92.49 92.23 92.04 91.91 91.78	Sept. Dec. Mar. June Sept. Dec. Mar. June Station STANDA	ints of 1009 Latest 92.52 91.65 91.23 90.95 90.74 90.55 90.40 90.27 ikts & POOI less index	High 92.53 91.72 91.30 91.02 90.82 90.64 90.49 90.34 R\$ 500 H	Low 92.48 91.64 91.22 90.72 90.72 90.54 90.39 90.90	Pres. 92.46 91.53 91.10 90.82 90.62 90.45 90.14
•	Sign pole Sept. Dec. Mar. Jun. Sept. Dec. Mar. Switss i SFr 125.	lates 93.56 92.97 92.61 92.33 92.15 92.05A FRANC (IM 000 \$ per Lates 0.66%	High 93.60 93.03 92.66 92.22 92.05 MI) SFr	Low 93.56 92.95 92.60 92.33 92.15	93.52 92.39 92.49 92.23 92.04 91.91 91.78	Sept. Dec. Mar. June Sept. Dec. Mar. June Sept. Dec. Mar. June STANSJ \$500 to	Latest 92.52 97.65 91.23 90.95 90.74 90.55 90.40 90.27 Latest Latest 316.68	High 92.53 91.72 91.30 91.82 90.84 90.89 90.34 Righ 317.35	Low 92.48 91.64 91.64 90.72 90.72 90.54 90.90 HDEX	Pres. 92.46 91.53 91.82 90.82 90.45 90.29 90.14 Pres. 314.05
•	Sept. Dec. Jun. Sept. Dec. Mar. SWISS I SFY 125, Sep. Dec.	lates 93.56 92.97 92.61 92.33 92.15 92.05A FRANC (IM 000 \$ per Lates 0.6764	High 93.60 93.63 92.63 92.22 92.22 92.05 ————————————————————————————————————	Low 93.56 92.95 92.50 92.33 92.15 — — Low 0.6683 0.6747	93.52 92.39 92.23 92.04 91.91 91.78 Pres. 0.6762	Sept. Dec. Mar. June Sept. Dec. Mar. June STANSA \$500 th	ints of 1009 Latest 92.52 91.65 91.23 90.74 90.55 90.40 90.27 ints & P001 intest index Latest 316.68 316.15	High 92-53 91.72 91.30 90.82 90.64 90.99 90.34 Right Street	Low 92.48 91.64 91.22 90.72 90.72 90.54 90.39 90.90	Pres. 92.46 91.53 91.10 90.82 90.62 90.45 90.14
•	Sign pole Sept. Dec. Mar. Jun. Sept. Dec. Mar. Switss i SFr 125.	lates 93.56 92.97 92.61 92.33 92.15 92.05A FRANC (IM 000 \$ per Lates 0.66%	High 93.60 93.03 92.66 92.22 92.05 MI) SFr	Low 93.56 92.95 92.60 92.33 92.15	93.52 92.39 92.49 92.23 92.04 91.91 91.78	Sept. Dec. Mar. June Sept. Dec. Mar. June Sept. Dec. Mar. June STANSJ \$500 to	Latest 92.52 97.65 91.23 90.95 90.74 90.55 90.40 90.27 Latest Latest 316.68	High 92.53 91.72 91.30 91.82 90.84 90.89 90.34 Righ 317.35	Low 92.48 91.64 91.64 90.72 90.72 90.54 90.90 HDEX	Pres. 92.46 91.53 91.82 90.82 90.45 90.29 90.14 Pres. 314.05

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Sept Dec	FT 30 1765/71 1799/1806	+2	Sept Dec	FTSE 100 2257/64 2301/2308	2	Sept Dec	NALL STREET 2573/81 2596/2606	+25	
				_					

WORLD VALUE OF THE DOLLAR BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 9, 1987. The exchange rates listed are middle rates between huying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for,

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CURRENCY

COUNTRY

VALUE OF DOLLAR

COUNTRY

As of September 9, at 11.00 a.m. 73₄ 73₄

Eurodollar Libor: Sibor: 819 819 VALUE OF DOLLAR COUNTRY CURRENCY

Afghanistan	Afghani (o)	50,60	60/8/E	POUNC"	ומבסור ו	Papus New Guinea	Kina	0.8842
Albania L	Lek	6.0962	PLESCO	Drachina	137.03		(Guarani (o)	320.00
Algeria [Dinar I	4.67	Greenland	Daništi Krone	6.9445	Paraguay	(Guarani (p)	550.00
Andorra	Frenck Franc	5,999	Gremada	E. Caribbean \$	2.70		(Guarani (d)	799.50
ARROTTE	Spanish Person	120.45	Guadaloune	Franc	5.999		(inti (o) (n)	15.89
Antigua	Kusma	29.918	Guadalospe	U.S. S	1.00	Pers	Linti (6)	37.50
Anticus	E Caribbeau &	2.70		(Duetzai (n)	1 1.00	Philippines Pitcaim Islands	Pero	20.63
Argentina	landal	2.3795	Gusteriaia	Opersal (h. ib	270	Discount (stands	N 7 Dellar	1.6039
	- usuras	1.79	Goines Bissau	Pero (1)	650.00	Poland	The (a)	282.00
Arabi-	- maran		Brights Design	/E	340.00	Pulati	200 (0)	
Aestralia	Dollar	1.3729	Grinea Republic	Franc		Portugal Puerto Rico	ESCHOO	141.40
Asstria S	Schilling .	12.6175		(Franc (p	300.00	Puerto Rico	บ.ร. \$	1.00
Azores F	Portuguese Escudo	141.40	Glygsa	(Dollar	10.00	_		ł .
	-		[l Dollar (a)	20.00	Qatar	Rhal	3.641
Baharias	Dollar	1.00	1 Kaki	Countle	5.00		_	1
Balearic Islands S	Dinar	0.3769	Honduras Recebbic	Lempira (n)	2.00	Reunion Isle de la	French Franc	5.999
Balearic Islands 5	Spanisk Peseta	120.45	Hong Kong	Dollar	7.798	Romania	Leu (c)	10.09
Rangiariech	Taka	31.00	History	Forint	47,234	Ryanda	Franc	78.9681
Bargladesh	Police	20113	مسسبب ر عرب	, ,	1		<u> </u>	
Belgium{{}^{2}}	E-mare (c)	37.265	locinal India Indi	Krasa	38.70	St. Christopher St. Helena St. Lucia St. Lucia St. Vincent St. Vincent Samos (Western) Samos (Am) Sam Merino	E. Caribbean \$	2.70
Belgium { ;	France (d)	37.46	into	Punce	12.91	St. Helera	Pound*	1.6595
Deline Li	Priestic LES		inde	Durdah	1642.00	St Trees	E., Caribbean \$	2.70
Belize	Johan	2.00	1124444	Diel /at	70.9644	SL Pierre	French Franc	5,999
Bessu	LF.A. Franc	299.95	1040	Police City	03309	St. Vincent	E. Caribbean S	2.70
Ветпин С	olar :	1.00	1749	Public .	1 2207	Samna (Western)	Tala	21114
Bhutan !	iguitrum	12.91			1.4852 1.5915	Samoa (Am)	IIE E	1.00
Rolinda SE	Boliviano (o)	2.09	[5-26]	New Shekel		San Maries	Irollan I I	1299.05
Bhitan	Belivlage (f)	2.10	litate.	1 192	1299.05	São Tomé & Princip DR	Darran Cha	
Botsware F	Pola i	1.6692	Jamaica Japen Jordan Kanpachea Konja Koribari Korea (North)	Deliter (n)	5.50			34.7903
Brazil	Cruzado (o) (5)	48,912	10000	Van	14125	Saudi Arabia	r-yal	3.751
Brunel [Deltar	2.0682	1000	TEN Pilmen	0.3445	Senegal	C.F.A. Franc	299.95
Bulgaria 1 Buricka Paso 6 Burma 6		0.8715		SHIP.		Scycheles	ioupee	5.5622
Durking Care	C A France	299.95	Kampuchea	RE	6.8.			22.50
Durante rasu	A-A- Franc		Keaya	Shilling	25.9496	Singapore	Dollar	2.0882
Durma	ryen.	6.6069	Kiribati	Australian Dollar	1,3729	Solomon Islands	Dollar	1.9763
DMC/1005	raac	123,784	Korea (North)	Won-	0.94	Someli Republic	Shilling (d)	132.60
C		299.95			806.30		(Rand (f)	3,3333
			Kirwalt	Dinar	0.2798	20010 AUTICA	Rand (c)	2.0231
Camaroum Rp	70flar	1.3171	Lites P'les D Rep	КIв	35.00	Singapore Solomon Islands Somali Republic South Africa	Paceta	120.45
Carery Istantes	Spanist Peseta	120.45	Lebanon	Downsol	265.00	Spanish parts is		200.75
CORP Vertie Idanie - E	Terudo J	72,405	1.0000000	Maladi	20231	Spanish ports in North Africa Sri Lanks	Supplied Course	120.45
Cayman Islands	Coller ·	0.835	Lésotho	Called	1.00	C-1	Sparesii Pesera	
Central Airica Rep (C.F.A. Franc	299.95	-De43	Dinar		27 L242	rupee	29.783
Chad (F.A. Franc	299.95			0.2952	Sudan Republic	Pound (o)	2.45
Chile F	Peso (c)	223.79	Liechtenstein	SWIES Franc	1.4832	Succes Reporter	Pound (k)	2.93
Chiera	Renminhi Vusa	3.722	Lincembourg	Lexembourg Franc	37.265		(Pound (f)	4.00
Colombia F	Date (a)	251.30				Surinam	Guilder .	l 1.785
Contract	P480 \U/		Maczo	Pataca	8.0319	Swaziland	Lilangeoi	20231
Compres	LIA FRANC	299.95	Madagascar Dat. Rp.	Franci 73	1341.51	Sweden	Krona	6326
Congo Propiers Rep. or , (A FREEC	299.95	Madeira	Portuguese Escudo	141.40	Switzerland	Franc	1.4832
-Costa Rica	Jolen _	63.73			2.2351	Syria		3.925
Cote d'Ivoire	C.F.A. Franc	299.95	Malaysia	Ringgit	2,508			3.925
Cube F	Peso	0.7847	Mairius Islands	Ruftyea	10.10	Talwan	Dollar (o)	30.11
Cvorus F	Potend ^a	2.0877	Mail Bendie	CFA Franc	299,95	Yanzania	Shillion	68,139
Czechosiowakia	(oama (n)	5.50	Mills steponic	Limit	2.9155	Thelland	Dala	25.68
			M2112		5,999	Tone Benefile	ar.	299.95
Denmark +	r 1	6.9445	Martinique	Prac		Togo Republic Tonga Islands	C.T.A. FIBRE	
Dilbert Dec of F	NTUSSE 	177.721	مادوراسداد	Cugulya	74.80	Tonga Islands	Pa'anga	1.3729
Dilbouti Rep. of	TOTAL CONTRACTOR		Malcive Islands Mall Republic Matta Martinique Mauritania Mauritania	Rupee	13.044	Trinidad & Tobago	Dollar	3.60
Dominican Republic	L. Landona \$	2.70	Mexico	(Peso td)	1510 <i>5</i> 0	Tunisia	Dinar	0.826
nouscau rebasite 6	Peso	3.19	M6X100	lPesa (e)	1506.80	Turkey	Lira	902.25
fs	Coree (rft	209.50	Miguelas	French Franc	5.999	Turks & Caicos Islands	US S	1.00
Ecuador	Marie (1)	180.50	Maran	French Franc	5,999	Turabi		13729
<u>u</u>	SUCCE (I)		M01207	Tuest (a)	3.3555			727ء
E37pt	POSING (07 (37)	0.70	Mongóli2	agent to		I 12	N 61-911 - 419 444	59.83
-20~	Poend (d) (3)	2.1627	Montserrat	E. Caribbean \$	2.70	طال	Mew Shilling (I) (4)	
El Sabador	Cation (a)	5.00	Morocco	Diritara	8.24	United Arab Emirates	Dirham	3,673
El Selferor	Colon (d)	5.00	Mozambique	Metical	404.00	United Kingdom	Pound Sterling*	1.6595
Equatorial Guinea	CE A Error	299.95	MOLENIAN			Uroguay	Pesa (m)	241.50
Cablesia in Guines were t	AF-A-FIME,		Nembia	S. A. R200	2.0231	HEED	Parable	0.629
Ethiopia {	HIT (0)	2.07	1 Marrier 16136/95		1.3729		LANGE .	
Francis Industrial			Nepal	Rupeė ·	21.00	Vanuate	Vatu	109,176
LACLAGE CHARGE	MINIST KITCHE	6.9445	Netherlands	Cuildee	2.0183	Y20026	Lira I	1299.05
Fairot Islands	Pound*	1.6595	Netherlands Antilles	Calleton	1.79		(Bolivar (e)	14.50
FVF [Delizer (6)	1 <i>2</i> 775	PERSONAL ARTHUR	Teller		Veneznela	Selieur (n)	7.50
Finland	Kurkin	4,3555	New Zealand	UQUAT.	1.6039	Veneznela	Reliver (n)	35.50
		5,999			900.00	Maria	Day (a)	80.06
Funnik (Viv. in Alaine	BEA Dave		Nicaragua	(Condobs (c)	70.00	Vietnam Virgin islands (British)	nous co.	
French C'ty in Africa (L. P. Frank	299.95		(Cordoba (d)	2190.00	vurgin istands (British)	us \$	1.00
French Guiana French Pacific Islands (Franc	5.999	Niger Republic	C.F.A. France	299.95	Virgin Islands (US)	us \$	1.00
French Pacific Islands (C.F.P. Franc	109.073	I INTEL KENDIK	Maine (d)		Yemen	Rist	10.00
			N/92112	HERE IST	4.1212	Venez PAR	Diese	0.343
Gabon	AFAL FIRMS	299.95	Nigeria	Kr one	6.5905	Yemen PDR		811.27
Garable	Dulasi	7.44	Organ Sultanzile of	Sial	0.385	YugoslaviaZairę Republic	Dinar	
Germany (East) (Ostonark (q)	1.7927				Zairę Republic	Zaire	118.837
Cormon (West) F	Name to Mark	1 7997	Pakistan	Lembect .	17.564	Zamida	Kwarts (2)	1 8.0257

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND			AY SEPTEME		87 WEDNESDAY SEPTEMBER 9 1987 DOLLAR IN						
REGIONAL MARKETS		Ingaso	A) JEFIÇAS	,							
Figures in parentheses	US	Day's	Pound	Local	Gross	US	Pound	Local			Year
show number of stocks	Dellar	Change	Sterling	Currency	Div.	Dollar	Sterling	Currency	1987	1987	ago
per grouping	Index	%	Index	Index	Yield	Index	Index	·Index	High	Low	(approx)
Australia (93)	167.98	-0.7	151.39	153.70	2.45	169.18	151.92	154.04	170.35	99.92	78.96
Austria (16)	97.75	-0.7	88.09	91.70	2.27	98.39	88.36	91.73	101.62 134.89	85.53	91.74
Belgium (48),	125.78	−1.0	113.36	116.94	4.09	127.11	114.15	117.08	141.78	96.19	90.77
Canada (129)	134.69	+0.8	121.39	128.83	2.32	133.59	119.96	127.73	124.83	100.00	98.63
Denmark (39)	118.07	+0.1	106.42	112.09	2.55	117.94	105.91	111.48	121.82	98.18	92.53
	114.99	+0.1	103.63	108.99	2.60	114.82	103.11	108.29	104.93	98.39	94.05
West Germany (92)	102.22	8.0÷	92.13	96.00	1.98	101.46	91.11	94.76		84.00	94.12
Hong Kong (45)	144.32	+0.4	130.07	144.50	2.50	143.73	129.07	143.90 136.25	147.36 145.49	96.89 99.50	79.81
ireland (14)	141.49	-1.4	127.52	135.08	3.34	143.50	128.86		112.11		85.64
Italy (76)	87.04	+0.1	78.44	85.05	2.16	86.97	78.10	84.53	161.28	84.22 100.00	97.88
Janat (458)	1 142.20	-1.6	129.14	129.06	0.53	145.61	130.75	130.28 173.05	193.64	98.24	99.31 91.97
Malaysia (36)	178.69	-0.3	161.05	172.89	2.15	179.20	160.92				
Malaysia (36) Mexico (14)	422.59	+4.5	380.87	701.38	0.43	404.24	363.00	668.93	422.59 131.41	99.72	57.84
Netherland (37)	126.37	+0.9	113.89	117.20	3.85	125.26	112.48	115.60		99.65	97.85
New Zealand (24)	129.62	-1.4	116.82	111.67	2.70	131.48	118.07	111.88	132.71	83.93	72.08
Norway (24)	178.53	+2.0	160.90	160.53	171	174.98	157.13	156.75	179.04	100.00	108.69
Norway (24)	171.59	-0.5	154.64	165.24	1.48	172.45	154.86	165.82	174.28	99.29	91.45
South Africa (61)	184.60	-0.1	166.37	134.52	3.11	184.86	166.00	134.72	198.09	100.00	99.55
Spain (43)	157.60	-0.7	142.04	145.00	2.75	158.76	142.56	144.99	161.19	100.00	96.61
Sweden (33)	130.91	+0.3	117.98	123.35	1.89	130.46	117.15	122.50	131.45	90.85	96.24
Switzerland (53) United Kingdom (333)	108.18	+0.5	97.50	100.27	1.67	107.63	96.65	99.22	110.00	92.01	92.98
United Kingdom (333)	152.07	~0.2	137.05	137.05	3.27	152.38	136.84	136.84	162.87	99.65	98.28 97.94
USA (588)	129.52	+1.0	116.74	129.52	2.83	128.25	115.17	128.25	137.42	100.00	97.94
Europe (929)	126,19	+0.1	113.73	116.54	2.84	126.11	113.24	115.92	128.35	99.78	96.26
Pacific Basin (683)	144.27	J -15	130.02	130,41	0.69	146.46	131.52	131.54	158.77	100.00	97.85
Euro-Pacific (1612)	137.10	~0.9	123.56	124.87	1.48	138.39	124.27	125.31	143.65	100.00	97.23
North America (717)	129.80	+1.0	116.98	129.51	2.81	128.53	115.42	128.24	137.55	100.00	97.98
Europe Ex. UK (596)	110.13	+0.3	99.26	103.81	2.47	109.79	98.60	102.92	111.97	98.02	95.06
Pacific Ex. Japan (225)	156.41	-0.4	140.97	147.17	2,42	157.04	141.02	147.21	157.85	99.92	79.55
World Ex. US (1816)	137,70	~0.9	124.11	125.44	1.53	138.89	124.72	125.82	143.38	100.00	97.24
World Ex. UK (2071)	132.77	~0.2	119.66	126.14	1.87	132.99	119.43	125.92	138.82	100.00	97,44
World Ex. So. Af. (2343)	234.16	-0.2	120.92	127.06	2.00	134.39	120.68	. 126.83	139.47	100.00	97.48
World Ex. Japan (1946)	130.30	+0.6	117.44	126.21	2.80	129.52	116.31	125.24	134.03	100.00	96.62
The World Index (2404)	134,49	-0.2	121.21	127.15	201	134.72	120.97	126.93	139.73	100.00	97.49
I DE WOYIG 1700EX (29U4)	1,74,47		المهميم	بدريم		. عديهمد ا	1		1		

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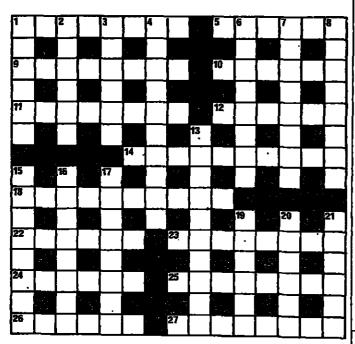
FI.109.30 FI.138.50

EUROPEAN OPTIONS EXCHANGE

Ser	Series		Last	Val.	Last	Vol.	Last	Stock	
GOLD C GOLD C	\$480 \$500 \$520	34 17 17	10.50 3.108	129	15.50	30	20.50	\$460.30	
GOLD P	\$420) 		=	-	15	6-20	1 1	
GOLD P GOLD P GOLD P	\$440 \$460	10 11	4.50 12.50	15	<u>8</u>	1 15	īā]]	
			pt.87	<u>'</u>	r. 87	Ju	ne 88	 -	
EFI C	FI.330	45	4.50	<u> </u>		<u> </u>		FI.334.76	
ÉFIC LIFIP	FI.335 FL340	20 50	0.70 6.30A	1 =	= '	i = '		;	
Dec.			r. 87		June	88			
E/FI C	FI.330	15	4.50B	r <u> </u>		<u> </u>		FI.334.75	
<u>eft P</u>	FI_330	18	3.80	<u> </u>	<u> </u>			<u>"</u>	
	T 100		x. 87	Oc	L. 27	No.	w. 87		
STL C SVFL C	F1.200	60 158	13.30 3.70	59	4.60	1 10	5.40	FI.203.07	
S/FI. C	FL205	1108	0.80	59 83 13 96	0.80	提	3		
ŠFI. P ŠFI, P	FI.195 FI.200 FI.205	302	0.95	1 K	1.80	15 10	1.40 2.50 5.30		
S/FL P S/FL P	F1.205 F1.210	302 205 35	2.60 6.50	706 12	3.60 7.70A	10	5.30	=	
			c 87	<u></u>	ctr 88	<u> </u>	ne 88		
S/FI C	FI 190			1	13.60	_		FI.203.07	
SPIC SPIC SPIC SPIC SPIC	FI 195	60 17	8.50 5.608		6.90	12 55 16 20	10 780	-	
STIC	F1.200 F1.205	42	3.50	68 12 2	4.60	176	5.60	•	
STIC STIC	FI 205 FI 210 FI 215 FI 190	42 12 4	2		3.20	2	280	7	
S/FI P	FI.213	55	0.808	<u>-</u>		I 1			
SIFI P	FI.200	_	3.80	7.7	3.60 5.70	10	5.50	. "	
S/FIP S/FIP	FI 205	ᆲ	6.40	10 20	8.40	=	_ =	e e	
		\equiv	Oct. 87	ند	ъп. 88	Δ.	ar. 88	==	
ABN C	F1.48							F1.49.30	
ABH P	F1.50) 58	2.40 1.80	46 17	2.90	109	3.30	, <i>"</i>	
AEGÓN C AHOLD P	F1.100 F1.100		0.50 2.80	67	240	1 =	í = '	F1.87.80 F1.101	
AKZO C	F1.180	1 1250	1 1 3.70	534	4.50 8.90	36	12.50	FI.172.50	
AKZO P AMEV C AMEV P	F1.160 F1.70 F1.60	<u> </u>	0.50	157 20 243	1.20 1.60 2.80 9.70	17	2.70	ยชั้ว30	
AMRO C AMRO P	F1.80 F1.85	[դ	6.80 1.80	261	9.70	l =	4.80	F1.85.90	
ELSEVIER C ELSEVIER P	F).60	45	530 0.60 130	9	3.508 8.800	2	10.70	FI.63.30	
GIST-BROC.C GIST-BROC. F	FI.50	1	1 130	. 663 15	3.20	95	4.50 -	F1.48.50	
HEINEKEN C	FI_190	1 15		1 7	8.208 4.80	1 1 1 5 6 4	{ Ξ ·	FL179.50	
HOOGOVENS	C F1.45	111	450 0.80 1.50 3.50 2.70 2.70	90 230	6.40 2.50B	I =	1 -=	F1!48	
HOOGOVENS KLM C	P FI.45 FI.55	46	1.50	220	2.50B 3.50	}	3.30 5.30 5.80	FL52.50	
KLM P Nedlloyd C	FI.55 FI.390	<u>2</u> 1	3.50	13	14	[4	5.80		
NEDLLÔYD P	P.170	5	2.90	揚	8.50A	=	=	FL182.50	
NAT.NED, C	F1.75	21 22 50 38 105	2.70 0.60B	70	5.70	_3	7.40	F1.75.20	
PHILIPS C	FI.55	1 477	1 1	224	2.40	30 17	3.50 6.30	FI.51.70	
PHILIPS P	FI.55	23	4.10	96	5.20A	17	6.30	l _ afa -a	

TOTAL VOLUME IN CONTRACTS: 47,090 B=Bid C=Call P=Put

FT CROSSWORD PUZZLE NO. 6,427



- ACROSS
 1 Very powerful light may disturb (8)
 5 Protect student thrown outside (6)
 9 Prices
- side (6)
 9 Prison doctor tries case (8)
 10 Criticises strikes (6)
 11 Plea for lunch, perhaps, in the lobby (8)
 12 Stable person lost roughly a sovereign (6)
 14 Tactful pickpocket to claim being crooked (10)
 18 Being unruly, deduce aunt is ignorant (10)
- 23 Domestic lantern I assembled (8)
- bled (8)
 24 Service manual? (6)
 25 Row about weekend one finds remarkable (8)
 26 Flush with coloured end, perhaps (6)
 27 False claim for cash about 50 per cent return (8)

 DOWN
 1 One using what Fletcher makes? (6)
 2 Silent around home time (6)
 2 Enquire within to obtain
- 2 Enquire within to obtain sealing device (6) 4 Teach Rita about a number of actors (10) 6 Good-looking Liberal (8)

- Develop plastic laces by tea-break (8)
- Boy stands up girl-shame!
- 13 Current producer to change a torn dress (10) 15 Order unusual cruets for outside buyer (8)
 Empty dormobile stopped dead (8) Buy tea in a brass container
- 14 Tactful pickpocket to claim
 being crooked (10)

 18 Being unruly, deduce aunt is
 ignorant (10)

 20 Ditch fish outside back door
 (6)

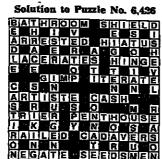
 21 Domestic lantern I assemking trouble (6)

 (8)

 22 Oasian in pub needs help
 standing (6)

 23 Domestic lantern I assemking trouble (6)

king trouble (6)



BASE LENDING RATES

	%	%	
k	10	Clarterhouse Bank 10	Hat Bit of Kowait
Company	10	Ciribank NA	Max Westmaster
ah 6k Lini	10	City Merchants Bank	Northern Bank Ltd.,
dar & Co	10	Clydesdale Bank	Norwega Gen. Trust.
sh 8arok	10	Comm. Bk. N. East	. PK Ficeas, Labi (UK)
Eq. 8x	10	Consolidated Cres 10	Provincial Trest Ltd
*	10	Co-operative Bank +10	R. Raphaei & Sons .
stacker	10	Cyprus Popular 8k 19	Spoteryle G'ranice
anking Group	10	Dencas Lawrie	Royal Bit of Scotland
s Cap Corp	10	Equatir'i TstC'p pic 10	Royal Trest Bask
& Co Ltd	10	Exeter Trust Ltd 101 ₂	Scottle & Williams Se
Briban	10	Financial & Gen. Sec 10	Standard Charlestol
,,,,,,,	10	First Nat. Fis. Corp 11	TSE
al (VK)	10	First Nat. Sec. Ltd	UDT Mortgage Exp.
redit & Comm	10	 Robert Fleming & Co 10 	United Bit of Kument
PP165	10	Robert Fraser & Pars 11	United Sharabi Basi
related	10	Girotesk10	Unity Trast PLC
odia	10	Groudlays Bank	Westers Trest
cottod	10	Guirness Mahon	. Westpac Bank Carp
elge Ltd	10	HFC Trest & Samogs 10	Whiteway Laiden
Bank	10	Hambro Back 10	Yerkshire Bank
# TS LS	10·	Heritable & Sen Tsl 10	
i Trust Lid	11	 ● Hull Samuel	
Bank AG	10	C. Hoare & Co	• Members of t
Hed East	10	Hongitary & Skizagir 10	Houses Committe
spicy	10	Liends Bank 10	tleposits 5%. Saw Too Tier—£2.500+



Successful results from new acquisitions offset by downturn in hand-knitting.

- *Disappointing results from hand-knitting division, reflecting worldwide reduction in sales of yarns and de-stocking by retail trade.
- *Excellent results achieved by Burmatex and Eversure, with further increases in sales and profits anticipated.
- *New ranges of all three divisions launched successfully, and recovery in knitting sales expected over next two years.
- *Final dividend maintained at 3.5p.

Summary of Results		
Year ended 30th June	1987 £'000	1986 £'000
Turnover Profit before tax	48,694 6,037	38,735 10,262
Earnings per Share	7.31p	13.72p
Dividends per Share	5.15p	5.15p

from 28th September 1987, from The Secretary Sirdar PLC Flanshaw Lane, Alverthorpe, Wakefield WF2 9ND



NatWest announces that with effect from Wednesday, 16th September, 1987, its Branch Standard Rate is increased from 24% to 25% p.a.

(Branch Standard Rate is charged on borrowings arising without arrangement. Any such borrowings regulated by the Consumer Credit Act 1974 are also varied accordingly.)

41 Lothbury London EC2P 2BP

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38		Financial Times Friday Septembor 13
Merceich Union Australian Merceich Union Australian Merceich Union Hill 155 Gast School Merchant Investors Merchant Investo	FILE UNIT TRUST INFORMATION SERVICE Company Company	The Perchaster Group 7) Wennet Severi Fund. 7) Wennet Fund. 7) Wennet Severi Fund. 7) Wennet Severi Fund. 7) Wennet Fund. 7) Wennet Severi Fund. 7) Wennet Fund. 7) Wennet Severi Fund. 7) We
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		Financial Times Friday September 11 1357
40	LONDON SHARE SERVICE	RIALS—Continued INDUSTRIALS—Continued
AMERICANS—Continued BUILDING, TIMBER, ROADS—Cont	DRAPERY AND STUKES—LOTTL. 1987 1987	+ of Div 1987 Stack Price - Not C'w Grid Not
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3472 257 renero 35 321, + 5 3310 - 75.0 141 110 - 14.0. & Cydeside 124 110 3.6 20 18.8 19.5 272, + 10.5 0. 10.1 10.1 10.1 10.1 10.1 10.1 1	451 329 Wooding Lag 2000 57142 85% 53 1 45 61 Breast Ca. Sandan 1 168 4-2 169 33 13 30 1 16 110 Seaster So. 155 102 Wooding Lagher 10. 135 -1 63.0 33 30 135 174 72 Breast Eas. 100 348 20 307 12 - 400 139 Applicance Ca. 155 122 Wooding Lagher 10. 135 -1 63.0 33 30 135 174 72 Breast Eas. 100 348 20 307 12 - 400 139 Applicance Ca. 155 122 Wooding Lagher 10. 135 -1 63.0 33 30 135 174 72 Breast Eas. 100 348 20 307 12 - 400 139 Applicance Ca. 155 175 175 175 175 175 175 175 175 175	100 538 15 145
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Aember 11.

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The UK investment institutions again showed little enthusiasm to operate yesterday and security markets were unable to consolidate early gains. A steadier US bond market and further success in stabilising the dollar seemed good enough reasons for a rebound from Wednesday's lower levels, and markets opened more brightly.

A fresh flow of encouraging corporate profits statements aided these more favourable views on the trend but investors reappearance of buyers, but a subsequent lack of follow-through arrices drift back in A fresh flow of encouraging closed 25 higher 462p. orporate profits statements. The major clearing banks made

announced today and, while chief economist Allen Sinai at Shearson Lehman is forecasting \$16.7bn, estimates in London

range up to \$20bn. Wall Street appeared uncon-cerned yesterday about the impending news — the Dow Jones index was up 28 points midway through the session — but leading stocks in London struggled to hold their gains and the FT-SE 100 share index closed only 4.1 higher

Business was largely confined to situation issues and Cable & Wireless recorded another large turnover of 13m shares. Once again Far Eastern buyers outnum-bered domestic sellers and the price rose 7 (urther to 459p. Other Electrical leaders traded briskly,

notably Plessey and STC.

The Gilt-edged sector also staged a technical bounce after the US bond market's better performance overnight Mediumlife stocks were said to be the best value, yielding nearly 10½ per cent at the moment, and traders were fairly active in the area. Domestic retail interestwas extremely small with institutional operators content to await further developments in world bond

The situation in Japan was causing some concern. Stories of excessive Zaitech activities leadfutures continued to come out of

A lacklustre day in mining markets was enlivened by renewed intended to set up a joint plaster-firmness in Consolidated Gold board venture with Australia's Fields. Since the T. Boone Pick. CSR sparked selling of BPB Indusens-led group tender offer of \$95 a tries on possible competition share for 28m shares in New-fears and the close was 39 down at mount Mining, ConsGold has 354p; Redland, on thoughts that moved up sharply reflecting its the plasterboard venture is 26.3 per cent in the US mining group. ConsGold has stressed that before 1989-90, finished 19 off at

Institutions hold off again and markets unable to extend

remain independent but specula-tion has developed of the UK group mounting a counter offer or Newmount launching a bid for ConsGold; the latter is scheduled to appropriate the country of to announce preliminary figures

Roche had abandoned develop-Wellcome's anti-AIDS drug Retro-vir. The Wellcome share price

Composite Insurances had little to offer in the way of price movements: but Commercial Union, in which 1.7m shares were traded, moved up 4 to 368p. Sun Alliance edged up is to £10% Elsewhre, London United settled a shade off at 763p, the good interim profits and proposed three-for-two scrip issue apparently disregarded. Among Lloyds brokers, Stewart Wrightson rose 14 to 553p; Willis Faber now speaks for 86 per cent of the ordinary shares. WF were 14 up at 372p.

Buckleys, the Llanelli-based brewer currently in receipt of an unwelcome offer from Brodian, the nominee company controlled by Peter Clowes and Guy Cramer, held at 183p following publication of the revised offer document; market rumours suggested that Messrs Clowes and Cramer now speak for over 40 per cent of the Buckleys equity.

Wellcome moved up smartly amid rumours that Hoffmann La

ment of its anti AIDS drug DDC because of side effects. DDC is thought by some to be the most important potential competitor to

would not be drawn. Marketmakers were soon reporting a lack of
volume and suggesting tongue-incheek that fund managers may
have gone to ground to allow time
to reduce the backlog of bargains
outstanding for settlement.

On a more serious note, the majority of investors were probably holding back because of international worries. The US trade deficit for July is due to be announced today and while abias Banks, Hill Samuel, a weak market in recent days reflecting recent strife within the company, rallied to 645p at one point before easing back again to close unchanged at 634p. Guinness Peat were an active market following the document rejecting Equiticorp's 110 per share offer: GP made made a profit forecast of £30m for the year ending September, the Guinness Peat share price closed unaftered at 112p, after 113p. Schroder N/V rose % to £13% following the

Redland's announcement that it it wished to see Newmount 500p. Elsewhere in the Building

early technical recovery

	Sep.	Sep.	Sep.	Sep.	Sep.	Year	19	87	Since Co	rapilation
	10	} •	8	7	4	ago	High	Low	High	Low
Government Secs	83.33	85.19	85.86	85.82	85.72	87.62	93.32 (8/5)	84.49 (6/1)	127,4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	90.81	91.52	91.60	92.35	92.18	94.17	99.12 (15%)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary 🗣	1761.3	1756.1	1775.2	1788.5	1782.1	1317.9	1,926.2	1,320.2	1,926.2 (167/87)	49.4 (26/6/40)
Gold Mines	448.9	448.6	454,2	458.5	451.2	297.3	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div, Yleld	3.33	3.33	3.33	3.26	3.27	4.21		S.E. AC	TIVITY	
Earnings Yld,%(fulD,	8.15	8.15	8.22	8.05	8.07	9.66	Jn	giices	Sep. 9	Sep. 8
P/E Ratio (net) (*)	15.02	15.02	14,94	15.25	15.21	12.71	Gilt Edged	Bargains	1111	109.6
SEAQ Bargains (5 pm)	34,282	31,312	33,427	31,533	34,432	i -	Equity Bary	airs	- 227.7	228.9 2166.2
Equity Turnover (Em)	_	1037.36	107L73	804.67	1,057.39	623.30	5-Day Avei		20%8	S166-5
Equity Bargains	_	35,145	35,333	35,792	35,730	22,260	Gift Edged	Bargalus		108.1
Shares Traded (ml)	;	444.3	-	352.3	506.5	265.0	Equity Bard Equity Valu	2165 E		224.6 2096.9
	10 a.m. 1763,0		a.m.	Ngon 1763.8		p.m. 765.1	2 p.m 1763.		9 p.m. 763.3	4 p.m. 1760.6

SE Activity 1974, *Nil=14.78. LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

sector, Taylor Woodrow attracted keen buying and rose 12 to 440p. but George Wimpey, despite reports of sizeable support in the wake of the interim results, even-tually succumbed to profit-taking and closed 3 cheaper at 257/2p. John Laing revealed half-year profits slightly below market esti-mates and the price dipped 19 to

360p. Leading Retailers lacked a decisive trend. Sterehouse responded to sporadic new-time demand and finished a shade firmer at 267p, while talk of a broker's bullish circular in front of next Wednes-day's half-timer lifted Coats day's half-timer lifted Coats
Viyella 8 to 373p. In contrast,
easier values prevailed in Burten,
8 off at 294p, Weelworth, 6 down at
354p, and Next, 4 cheaper at 345p.
Revived buying of Cable and
Wireless signalled the trend
throughout leading Electricals.
Plessey traded actively and rose 5
to 180p as wartet makers stressed to 189p as market-makers stressed that the recent decline in the share price was "overdone." RICC fits at the top of estimates, but this were also lively and hardened 5 to apparently failed to impress the 420p as analysts turned bullish on the shares in the light of Wednes-

day's excellent mid-term results; BZW, for example, advised clients to buy BICC "for growth and re-rating." STC were another leading rating." STC were another leading counter to attract substantial to 833p. Ranks Hevis McDeugan demand, closing 5½ to the good at 224p. A welter of trading statements stimulated some interest buying and put on 4 to 325p, but Nerthern Foods, still overshadowed by rumours of uninspiring dowed by rumours of uninspiring shed 2 more to 286p. among second-line stocks. Continental Microwave featured, rising 37 to 285p in response to the increased full-year figures, but the lapse into sizeable losses left Acora Camputer 11 lower at 53p. MBS dipped 7 to 154p, the return to profits at the interim stage being largely discounted, but in figure 1 to 154p reflecting demand ahead being largely discounted, but in among second-line stocks. Continental Microwave featured, risbeing largely discounted, but in of the annual results due next contrast, perennial takeover Tuesday. Bernard Matthews, also

chestnut Sound Diffusion har-dened 3 to 64p with the aid of gain of 6 at 150p.

"call" option activity.

Further consideration of the

Reils-Beyte, down 3 at 108p, were actively traded (some 13m shares changed hands) in the wake of interim figures much in line with expectations. Carelo gained 12 to 210p following the decision to abandon its offer for Devitand in vices of the history Deritend in view of the higher counter bid from Christy Hunt, the latter eased a penny to 103p.
Revived speculative demand left
Davies and Metcalfe 13 to the good
at 151p. Birmingham Mint edged up a couple of pence to 253p following the confident tenor of tollowing the confident tenor of the chairman's statement at the annual meeting. News of the acquisition of Northwood Metal Services (Birmingham) and North-wood Fabrications enlivened demand for Hobson which advaced to 102p before closing 5 higher on the day at 900

higher on the day at 99p. Rowntree revealed interim promarket and the price drifted steadily lower to close 11 lower on balance at 550p. Cadburya Schweppes, on the other hand, attracted persistent support and firmed 3 to 272p, while Tate and Lyle rose 10 to 339p. Ranks Hevis McDeugall

Brit. Alrean (*196)

Brit. & Com (~485)

Courtauld: (*4B8)

Cons. Union (*368)

Cable & Wire (*458)

(SIG.)

Land Securities (*567)

Shell Trans. (*1350)

Trafalgar House (*365)

825 (*974)

Jaguer (*546)

Brit Aero (~495)

BAA (*135)

interim figures prompted a better trend in BTE which moved ahead to close 9 higher at 353 in a volume of 5.6m shares. Glame edged up & to £16% helped by the early firmer trend on Wall Street.

Good annual results left DPCE 10 higher at 295p, but Cookson, down 8 at 804p, and Associated British Ports, lower at 592p, met with occasional profit taking after trading statements. US favourite Renters advanced 13 to 874pt while demand revived for Williams Holdings which put on 8 to 979p. Interlink Express, still responding to the bumper pre-liminary figures, advanced 15 more to 565p. J. W. Spear improved-5 more to 270p for t two-day gain of 30 in the wake of news that Allied Entertainments had increased its stake in the company to 13.45 per cent. Hyman, however, dipped 442 to 48½ after the interim figures and the proposed £3.8m rights issue. Suter, scheduled to reveal its half-year statement next Mon-

LONDON TRADED OPTIONS

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44 63 65 85 90 110

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interim figures from Type Tees; TT moved sharply higher follow-ing details of the figures to close 38 up at 621p, while stocks to adv-ance in sympathy included LWT. 57E to the good at 990p, HTV 20 higher at 358p and Thames, which higher at 358p and Thames, which rose 36 to 489p. Elsewhere in the Leisure sector, Spectrum attracted speculative buying on talk of an imminent anouncement and rose 16 to 72p, while Leisure Investments put on 14 to 171p on news that Braithwaite had increased its holding to 14.21 per

Jaguar rallied 7 to 548p helped by currency considerations and news of an impending rise averag-ing 7 per cent throughout its product range. Home Counties Holdings, reflec-

ting the good interim figures, moved ahead to close 15 higher at

moved ahead to close 15 higher at a 350p. US favourite Saatchi were noteworthy for a rise of 12 at 656p. Profit-taking in the absence of any bid developments left Hammerson A 23 lower at 670p, while Land Securities drifted off to close 11 cheaper at 566p. MEPC, however, were steady at 546p, while Greycoat firmed 5 to 425p profiting news from the annual pending news from the annual meeting Allied Landon softened a penny to 110p following details of the annual results and proposed 238.8m rights issue in convertible preference shares, while Peachey reacted on profit talking to close 6 off at 430p. Estates Property

off at 43th Estates Property Investment were a weak market pending further bid developments and shed 22 to 233p; bidders Lon-don Securities shaded 3 to 76p. Companies reporting trading statements claimed most of the attention in Textiles sector. British Mohair, reflecting the good half-year results, advanced 8 to 234p, while John Haggas responded to the preliminary figures with a gain of 8 at 214p.

Lower annual earnings, however, clipped 2 from Sirdar at 145p. Rothmans International, boosted afresh by continuing Brierly stake-building rumours, advanced 23 further to 424p.
Financials returned to lavour

under the lead of MAI which advanced 18 to 656p following a bullday, encountered buyers and put ish circular from securities huse on 8 to 289p. Furniture shares Wood Mackenzie: MAI's full-year recorded some useful gains, R. W.
Tootholl rising 35 to 340p and Stag
10 to 165p, the latter awaiting the
interim results due on September
Television issues forged ahead
reflecting an impressive set of

Wood Mackenzie: MAI's full-year
figures are expected towards the
end of the mouth and WM, in
regarding the group as a "wellmanaged and diversified operation" anticipate pre-tax profits of
£51.7m for the year to end-June. M
& G hardened a few peace to 372p

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2 7 19

Vaai Reef (*139)

De Beers (*1575)

Glaces (*),6799

NEW HIGHS (54)
BANKS (1), CHEMICALS (1), STORES TRUSTS (6), MINES (7).
(2), ELECTRICALS (7), AMERICANS (2) BASIX Ch HANKS (L), CHEMICALS (1), STORES

(2), ELECTRICALS

(7), ENGINEERING

(3), FOODS

(1), AMERICANS (2), BASIX, Chemical New.

(1), York, BANKS

(1), Chgn. Hbk.,

LEISURE

(6), MOTORS

(1), PROPERTY

(2), Land Securities 10pc

TEXTILES

(1), TOBACCOS

(1), (1), Musto Expin.

NEW HIGHS AND LOWS FOR 1987

amid talk that some 3m shares had been placed through the market at 363p apiece. Britannia Arrow eased a fraction to 193½p following the purchase of County Unit Trust Managers frm County Natwest for £41.5m; CUTM managers 14 units and has over £400m of funds under management. Framlington hardened ½ to £12½ in response to the annual results and proposed sub-division of shares. proposed sub-division of shares, while occasional interest was also noted for Autofagasta which put noted for Autofagasia which put on 7 to 317p as Press comment induced interest ahead of the pre-liminary figures which are sche-duled for next Thursday. Burmah Oil touched 600p in immediate response to the interim results, but subsequently fell back to close 29 lower on halance at 567p; the company has

fell back to close as lower on balance at 587p; the company has again given shareholders the opportunity of a scrip afternative to the interm dividend. Tricentrol edged up a penny to 118p follow-ing increased half-year profits, while Ultramar, helped by its

Dutch subsidiary's gas find, firmed 7 to 287p. Shell moved up 1/8 Polly Peck adged up 4 to 370p. but interest in other Overseas Traders tended to fade after the recent good run.

Traded Options

Option dealers expressed Holdings and Powerscreen disappointment over volume International, but no double which amounted to 34,150 con-

tracts struck—wel short of the levels prevailing earlier this week Nevertheless, a few classes stodd out, notably Ralis Rayce which attracted a lively and evenly-balanced business in the wake of the interim figures with 1,962 calls done, 1,085 of which were transacted in the October 120's; Rolls Royce also recorded 2,812 puts, with the October 100 series proving popular in attrac-ting 1,125 trades. Simiar condi-tions were noted in British Tele-com with 1,401 calls and 1,482 puts struck. Cable and Wireless were also in demand, largely reflecting continued foreign demand for the underlying shares, and attracted 1.877 calls. As on Wednesday, British Gas puts met substantial demand with 4.790 contracts done. the October and January 165 series contributing 2,131 and 1,900 trades respectively.

Traditional Options • First dealings Sept 1

 Last dealings Sept 18
 Last declaration Dec 3 • For Settlement Dec 14

For rate indications see and of London Share Service London Share Service
Stocks dealt in for the call
included Petrocon. North
Kalgurli, Paul Michael Leisure, T
and N. Singer and Friedlander,
Sound Diffusion, Eagle Trust,
Barratt Developments, Feedex,
Charterhall, Control Securities,
Bejam, Polly Peck, Moorgate
Investment Trust and Wellcome.
Buts were arranged in Astra Puts were arranged in Astra

TRADING VOLUME IN MAJOR STOCKS

	Volume	Closing	Day's change	Stock	Valume 000's	Closing	Cay's change		
Stock	000's	price	CHANGE			449	_		
ASDA-MFI	2,800	194	_,	Ladoroke Land Securities	1,100 997	949 566	+2 -11		
Allied Lyons	688	434 167	- <u>/</u>	Legal & Gen	594	315	-3		
AMBIRD	1,900 812	411	-£	Lieves Bank	1,000	353	-5		
Arristrad Argyfi Group Assoc. Brit. Foods	258	360	-i	Lonrito	1,200	30512	+11-		
BAT	1,200	655	+3	Liscas	47	729	+1		
BET	844	266	+1	MEPC	797	546	+2		
BICC	1,900	420	+5	Marks & Spencer	3,200	226	+1		
BOC	397	537	+1	Midland Sank	711	494	-4		
BPB Inds	6,400	354	-39	Natwest Bask	1,500	712	-3		
8PCC	803	358	-16	<u>N</u> ext	1,000	345	-4		
BTR	5,600	353	+9 .	Pearson	. 377	782	+5		
Barclays	2,300	575	+7	P&0	1,000	681	-6		
Bass	170	974 536	-3 + <u>5</u>	Pilkington Bros	701 6,700	295 189	-1 +5		
Blue Circle	1,700 443	453	#3 #1	Prudential	872	997	<u>-3</u>		
		301	<u>-3</u>	Racal	3,300	296	+012		
Brit. Arrways	742	196	-i·	Rank Org	431	675	-9.2		
Brit Aero	1 200	495		RHM	1,300	325	+6		
Brit & Comm.	1,300 270	485	_ī	Recidit & Col	89	íli4			
British Gas	5,800	169	+2	Qadjawi	2 400	500	-19		
Britoll	1000	318	+3	Reed Intl	. 406	529			
BP	7 400	362	+2	Reuters	670	874	+13		
Reit Telecont	5,500	262	_	RMC	62	478	-9-		
Bunzi	1,300	230	-5	RTZRolls-Royce	234	£124	()1 ₂		
	1,800	294	8	Rofts-Royce	12,650	108	-3 ⁻		
Cable & Wire	13,000	459	+7	Rowntree	2,800	. 550	-11		
Cauthury Schwas	1,900	272	+3	Ryl Bank Scotland	458	394	-4		
Coats Vivelia	762	373	+8	Royal Insurance	586 ·	553			
Comm. Union	1,700	368	+4	STC	6,200	294	+512		
Cons. Gold	1,500	£14%	+0,4	Saatchi & Saatchi	547	656	+14		
Cookses	1,800	804	-8	Sainsbury	1,200	272	+3		
Courtanids	903 3,400	488 217	+3 -6	Scott & Newcastle	129	246	-2.		
Dec Corps	544	359	-4	SearsSedgwick	2,806 1,400	164 290	-11 ₂ -3		
Dixors Group English China Clays.	313	480	+2	Shell Trans	1,400	53372 5300	+04		
Fisons	2,200	357	+5	Smith & Nephew	790	1665	+5		
Gerl Accident	54	£104	-	Standard Chart	419	801	71		
Gen. Elect	2.300	210	_	Storehouse	3,400	367	+3		
Glazo	2,300 701	E164	+0,6	Sun Alliance	426	£10%	+0,,		
Globe Investment	285	1777	_	TSB	1.500	1415	-01		
Granada	665	33I T	-2	Tarmer	7 700	295	-3		
Grand Met	2.200	534	-2	Tesco	452	295 183	_		
EUS "A"	446	£12]}	_	Thorn EMI	1,000	658	-6		
Goardian R.E	85	£10;	_			365	+i		
GKN	528	382	-11 ₂	Thouse Forte	356	250	-2		
Gringers Haromerson	1,300	365	-2 ₋₀ .	Ultramar	. 799	287	+7		
Haromerson	863	670	-25	Unigate	722	370	-		
Margid IMEX	3200	18312	74	United Pleases	- 576	622	+8		
Hanster Sidd Hawker Sidd Hillsdown Hldgs	- 1445	572 ·	국는	Thouse Forle Unitate Unitate United Bischis	101	319	 +25		
ICI	楞	515% £15%	"	Wellcome	2,400	462	+25		
Jactiar	1.500	546	+7	Wandworth	1,100	341 354	-4 -6		
nehat	ببحي	, ,,,,,	T.	***************************************	TIM	37	-0		
RISES AND FALLS YESTERDAY									

KISES AND FALLS	1 E3 I EK	DAT	
itish Funds rporations, Dominion and Foreign Bonds dustrials anancial and Properties s antalions nes	Rises 93 16 453 142 36 1 63 113	Fails 12 3 446 137 27 4 48	Same 7 35 682 330 51 9 79 73
Totals	917	725	1,266

		0	M	ON	RECENT	TS	111	FC			
EQU	_			Ψ.							
EGU		<u> </u>									
issue	Amount Paid	Lates.	ע	967	Sinck	Clasing	+ or	Met.	77mes	Grees	P.E.
Price	180	Date	High	Low	1	Price	~	Div.	Cov'd	Yletd	Ratio
\$110	F.P.	189	121	108 130	Adscene	108		125	19	3.2	22.8
245	100 F.P.	28/8	147 84	130	BAA	135		L6.6	2.4	32	175
11 80	F.P.	1 =	108	65 85	BHP Gold Mines ASO 25 *ChemEx. Intl.	.77		l ~	 –	 –	_
450	F.F.	99	93	68	#Corp. Estates Props, 50	106 76	+5	10.75	<u> </u>	I	
, 10	F.P.		12%	<u>ت</u>	EFM Dragon Trest Sp.	12		LUL.75	24	13	41.5
100	F.P.	23/9	114	103	Pst Spanishine Tst. Units	110	+1	_	-	-	_
· I. Ji	F.P.		118	92	*Guidehouse Grp. Ip.	92	-3		–	–	35.4
Ŋ'n	F.P.	. –	100	70	Do. Warrants	70			l = 1		33.4
151	F.P.		154	_78	Ketson	143			_	! = !	_
614D	F.P.	25/8	215	180	Klagsgrange 10p	197	+2	u2.25	26	16	29,9
4260 92	F.P.	_	145	108	Kingston Oil & Gas 50o	118			 	_	_
1001	F.P.	=	126 155	116 115	*Leading Leisure	116	+1	0.9	3.1	11.	33.5
2001	F.P.	_	98	55	*Medirace 10p Moorgate Inv. Warr	155	+5	\ - -	-	-	i —
₹170	F.P.	4/8	281	185	&Parkway Sp	90 255	_i -i		- 1	- 1	_
§10.58	F.P.	_	51712	\$15	Portugal Fond \$0.01	\$175	:	R1.5	4.2	0.8	40.2
-	F.P	26/8	118	93	축Rural Planning 3p	93		R3.6	29	24	20.1
	F.P.	-	118	301	Singer & Fr'dlander 10u	101	-7		-7	2.4	24.1
u p	F.P.		166	143	Zetters Leisare 10p.	163	l	11.5	37	13	29.6

FIXED	intere.	ST STOCKS
Jones I Amer		

						, E	•		
	F.P.	30/11	2050	101a	Cartial E Committee Charles				
IÖO	F.P.		992		Capital & Counties 53.% Gav. Prf.	_ 103 ₀	J		
99	F.P.	!	1456	13%					
	F.P.	_[ìòò		130p Meriz Inti. Cum. Red. Cov. Pri.				
	F.P.	<u></u> 1	1001						
/	F.P.	=1	200				1		
~ 1	£25	11/12	2532	100	Do. 1011 pc. 12-9-88 North Housing Assoc 84-5 Gtd. In 2037	105			
= 1	FF.			121,	Morth Mousing Assoc. 84% Gist. In 2037	15%			
7 1	Shi I	25/9	2700	200p	Do. Zero Corp. Ln. 2027	225			
			300	1 _{pm}	Veherton Ins. 8% Cm. Uns. Ln. 1997	- 10m - 10m]		
"RIGHTS" OFFERS							1		
KIG	3	U		72					
	Ti	1	_		·				
fisue	Amoun			987	1	Clasing			
Price	Paid	Remun			_) Stock i	Price	+0-		
	42	Date	High	Low	1		_		
	+		+	+		P	-		
290	No.	! -		:i 20as	AAF		<u> </u>		
.8	NA	I -	14pm	1000	BOM Holdings	30pm	+6		
366	Nil	1 -	300	1 100	Bue Arrow 5p	12pm	-1		
650	NIL	! -	10300	1 93			-12		
. 330	L NA	1 970	40on	14	Cases C. I	93pm	-5		
810 -	MU	970		1 71.	Cannon St. Ims. 20p	21bm	+4		
37	NI	1970				104pm			
50	MAI	7/10							
257	NII	} " <u>"</u>	3700			154mm			
32	NII	22/10	9809				+2		
90	INN	1 22/16							
182	Net	1 -22.00				2000	-5		
90	NII	15/9	200			ADDI	_		
190	NO					121 ₂₀₀₁	lo		
57	NA NA	16/9					+2		
45	No.					700ttl			
430 ·		227		400	Norfolk Capital Sp.	8om			
65	NHI	210		i 500pm	Over & Rubinson Sp.	- Jupon			
83	NI	14/20		25pm	Paul (M) Lessure Sp	535am			
	MA	1	241 ₂₀₀	191204	Ourens Most	43pm	+17		
184	הא	16/10					-12		
110	Mil	5/10		11 ₂₀₀	PRoctored Hidgs 10p) Decem			
	NH	1 -	8pm	11400	Storger & Friedlander 100	11 _{20m}			
140	Mit	2710		26or	Stantey (A.G.) 5p	- Ligan	-14		
35	KII	670		21/2000	r Tabes 50	36pm			
65	NB	30/10	51pm	rl 38∞n	Dolon (F.)	613pm			
							-2		
Resuncia	atilon date	ydlally i	acı day f						
OR prespec	les estim	ates d D	lvidená r	alle gald) free of stamp duty. « Annualised dividend or payable on part of capital, cover based o ned dividend and vield often cover based o	b Figure	عداده		
based on p	озресии	or other	r official	PRO INVESTOR	ned dividend and yield after strip base. File for 1986/7. H. Dividend and Yield based	Dividend a	nd viek		
Other offic	ial ection	the for 1	1007	Erd	TOOK!. H Dividend and Yield Impact	OR PROPERTY			

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY		Thursday September 10 1987							Tue Sep 8	Mon . Sep 7	(approx) ago Year		
F	& SUB-SI igures in parenthe stocks pe	Inde:		Ear	el. reings ld% lax.)	Gross Div. Vield% (Act al (27%)	Est. P/E Ratio (Net)	nd adj. 1987 to date	ludex No.	Index No.	ladex Ng.	ladex No.		
$\overline{1}$	CAPITAL GOOD			953.			7.31	2.92	17.18	14.58	954.9			698.55
2]	Building Materia] 1186.			7.68	2.95	16.19	17.82	1209.0			817.93
3	Contracting, Con		337	1731.			6.96	2.85	19.26	20.05	1734.2			1250.24 1866.25
4	Electricals (12).			2468.			5.33 8.05	2.81 2.49	24.00 16.19	43.07 33.73	2457.4 1993.0			1472.91
5	Electronics (35)			1998. 515.			7.71	3.28	16.31	8.99	516.7			389.59
6	Mechanical Engi-	neering (c	(7) (7)	568			7.05	2.87	17.22	6.86	567.A			357.82
9	Motors (14)		17/	382			7.44	2.90	15.31	5.40	381.5			283.11
10	Other Industrial	Materials	(21)	1669			6.07	311	19.61	24.27	1652.3	8 1671,73	1680.32	1295.80
21	CONSUMER GR	BUP (18	5)	1380.			6.19	2.63	20.65	16.52	1298.4	5 1313,26	1317.50	948.73
22	Brewers and Dis	tillers (22))	1174.	05l -0	<u>آ</u> ا	7.98	3.84	15.87	15,79	1178.8		1190.86	938.15
25	Food Manufactur			2006.	87 +0	4	7.24	3.07	17.89	15.60	997.0			712.64
26	Food Retailing C			2464.			6.00	2.42	22.20	36.46	2462.6			1994.64
27	Health and Hous		dvets (10)	2468.			4.13	1,62	28.25	16.41	2435.0			1546.36
29	Leisure (31)			1381.			5.94	3.28	21.01	24.25	1379.3			923.91
31	Packaging & Par			668			6.42	2.69	20.51	8.51	673.1			483.77 2674.52
32	Publishing & Pri	nting (14)		4576.			454	3.10	28.21 20.36	59.63 13.30	4627.5 1865.5			901.59
34	Stores (36)			1060		- 1	6.67 7.37	2.74 2.68	20.36 15.75	11.83	831.9			546.46
35	Textiles (16) OTHER GROUP		·	839. 1125.			7.72	3.14	16.14	18.12				779.32
40	OTHER GROUP	2 (21)	-,	1698			3.58	1.32	36.79	14.64				", 22
41 42	Agencies (16) Chemicals (22)			1460			6.73	333	18.18					967.65
43	Conglomerates (171	**************	1424			7.28	3.30	15.70	20.26	1420.4			
45	Shipping and Tra			226			7.49	3.65	17.55	39.82	2257.9			
47	Telephone Netwo			1067.			9.50	3.79	14.04	18.98	1963.9	2 1084.85		778.91
48	Miscellaneous (2			1664	77 +8	.8	9.10	2.81	13.11	21.14	1650.9	4 1660.02	1672.98	1085.74
49	INDUSTRIAL G		33)	1178	B2 +0	1	6.90	2.85	18.28	16.81	1176.7	2 1189.36	1194.12	849.38
51	Oil & Gas (17)			2203			7.50	4.28	16.49	56.53	2187.9	4 2217.36	2232 38	1339.86
59	500 SHARE INC						6.99	3.06	18.00	20.24	_		 -	891.49
_							0.77	3.73	10.00	16.87	823.7			613.62
61 62	FINANCIAL GR Banks (8)	מטוי (דדג)	- 821. 821.			6.25	4.74	- 813	25.65	823.2 823.2			
65	Insurance (Life)	/01		_ iii			صم	3.96	سم ا	21.09				
66	Insurance (Come			638			_	4.37] _ `	13.39				
67	Insurance (Brok			1218			9.19	4.68	13.92	26.47	1202.0			1192.65
68	Merchant Banks			482	50 -a	4 -		2.83	=	6.92	484.3	5 489.73	492.44	345.44
69	Property (46)			1272			3.82	2.33	33.91	13.34	1262.9			769.08
70	Other Financial (<u>(28)</u>		<u> 560</u> .	<u> 82 +0</u>	<u> </u>	5,95	2.73	21.29	7.91	568.3	2 <u>563.68</u>	561.66	352.78
71	Investment Trus	ts (92)		1135	62 +0	3 -	-	2.13	-	13.02	1132.4			
81	Mining Finance						5.08	2.46	22.97	6.79	676.2			286.16
91	Overseas Trader			<u> </u>		4	7.46	3.88	15.91	29.58	<u>1213,4</u>			683.61
99	ALL-SHARE IN	DEX (722	<u>}</u>	1152_	05 +0	<u>u</u> -	- <u> </u>	3.12	「	19.08	1150.5	8 <u>1161.58</u>	1364.92	812.59
				Inde No.			ay's Ilgib	Day's Low	Sep 9	Sep 8	Sep 7	Sep 4	Sep 3	Year
	FT-SE 100 SHA	RE INDE	X +	225			59.7			2275.0			2268.1	
							T	AVER	AGE GRI	155	$\overline{}$	Thu	Wed	Year
	E1.	XED I	NTÉ	FCT			ı		MPTION		: 1	Sep 10	Sep	ago
	r i	VĖD I	44 1 E	/E3 (Ì	-			- 1	10 j	9	(approx.)
			τ				┰	Tr.w-				 -		
	PRICE	Thu	Day's	Wed	xd adj.	xd ad	l. [1 Low	Contracts:	sax 5 years	أ	9.67	9.68	8.64
	INDICES	Sept 10	change	Sept	today	1987	' I	2 Coupo	5	15 years		9.891	9.94	9.60
		l m	76	7	I	to dat	₹	tal "	-	25	. 1	9.77	9.82	67.6

	FIXED INTEREST						AVERAGE GROSS REDEMPTION YIELDS			Thu Sep 10	Wed Sep 9	(approx.)
	PRICE INDICES	Thu Sept 10	Day's change	Wed Sept	xd adj. today	xd adj. 1987 to date	12	Britisk Geresses Low Coupons	st 5 years 15 years 25 years	9.67 9.89 9.77	9.68 9.94 9.82	8.64 9.60 9.63
1	British Government 5 years	120.56	+0.07	129.48	-	7.60		Medican Cosposs	5 years	18,44 19,18 9,95	10.47 18.23 10.00	9.98 9.97 9.78
3	5-15 years Over 15 years Irredeemables	233.68 141.16 154.80	+0.28 +0.44 +0.14	133.32 140.55 154.58	=	9.68 9.48 8.81	7 8 9 10	High 5 years		10.52 19.35 10.00 1 10.03	18.55 18.40 10.04 10.85	10.06 10.13 9.90 9.43
\neg	All Stocks		+0.24	131.24		9,11	11	Index-Linked Infation rate 5%	\$#i	3.44	3.47 4.08	3.82 3.47
7	5 years Over 5 years All stocks	219.60 111.68 112.17	+0.12	111.34 111.85	-	2.18 2.60 2.55	l 13	Inflation rate 5% Inflation rate 10% Inflation rate 10%		4.06 3.38 4.06	3.41 4.07	2.57 3.32
-	Debestures & Loans		<u> </u>	114.49	 -	6.93	1 77	Delts & Louis	5 years 15 years 25 years	11.45 11.45 11.45	11.35 11.34 11.34	10.30 10.64 10.68
10	Preference	84.39	-0.32	84.67		3.80		Breferance		10.84	18.81	10.80

ndex 2253.7; 10 am 2256.0; 11 am 2256.1; Noom 2255.9; 1 pm 2254.9; 2 pm 2255.1; 3 pm 2254.9; 3.30 pm 225

Julian Ital

MONTREAL

1486.7 (2/2) 729.1 (2/1)

425.2 (5/1)

361.98 (2/1)

889.08 (2/1)

1786.0 (193) 1423.0 (2/1) 202.89 (8/5) 2111.39 (28/1) 559.7 (25/2)

WORLD STOCK MARKETS

AUSTRIA GERMANY SPAIN AUSTRALIA (Continued% JAPAN (Continue	z/%
Sep. 10 Price + or Sep. 10 Price	Price + ur CANADA
Intervalial 1230	Sales Stock High Low Close Chap Sales Chap Sales Stock High Low Close Chap Sales C
B.B	
General Bank 1284 44 44 44 44 44 44 44	1070 1070
Sor Gen Beige 3720,00 +60 Matent Back 2075 +15 Sandhik 522,00 +15 Sandhik 62 212,00 +16 Hang Seng Bant 46,25 -0.75 Takedia 62 212,00 +16 Hang Seng Bant 46,25 -0.75 Takedia 62 212,00 +16 Hang Seng Bant 46,25 -0.75 Takedia 62 212,00 +16 Hang Seng Bant 46,25 -0.75 Takedia 62 212,00 +16 Hang Seng Bant 46,25 -0.75 Takedia 62 212,00 +16 Hang Seng Bant 7,20 +0.15 Tok Foreign 62 212,00 +	1000 200
Babics Stand	100 Can Mait S254 -16 2134 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 2135 156 -16 -16 2135 -16
Septemb 123 1+3	2017 Colonese \$211, 21 21 -1, 29262 Labelt \$264 254 264 +1e 13000 Scottre \$514 5 54 +1e 12000 Rosen Entr \$160.
Kymmene	7.35 -0.2 4000 Comput in 290 275 280 -6 25200 Lobiasv Co \$145 141 145 +14 5550 Selicit A \$232 234 234 -12 Total Select 8,425,481 shares 4.56 -0.1 6.80 -
Aheid 101	10.10 -0.05 2.78 -0.05 10.00 NEW YORK-00W JONES Sep. Sep.
Aheid 101	193,00 10,
FRANCE	NEW YORK-00W JONES Sept
FRANCE	NEW YORK-00W JONES 1985/87 198
FRANCE	NEW YORK-00W JONES 1986
FRANCE	NEW YORK
FRANCE Abbit 101 113 113 113 113 113 114 113 114 114 115	NEW YORK-00W JONES 1985
FRANCE	NEW YORK_DOW JONES 1886/87 Since Compilation 10 9 8 7 1985 111.10 110 9 8 7 1191.10 110 9 8 7 1191.10 110 9 8 7 1191.10 110 9 8 7 1191.10 110 9 8 7 1191.10 110 9 8 7 1191.10 110 9 8 7 1191.10 11
FRANCE Sep. 10 Price + ser ACR 49.50 -10.50	Description Color
Sep. 10	NEW YORK
FRANCE Sep. 10 Price + w AlCZO 175,90 -10 217,70 -1	NEW YORK
FRANCE Price Pri	NEW YORK
FRANCE Sep. 10	August A
FRANCE Price w About 172.0 13.7 13.5	NEW YORK DOW JUNES Sept
Price Pric	MEW YORK.com James Sept
FRANCE Price + w Free	MEW YORK.com JAMES Sept
FRANCE Price + w Accor	MEW YORK.com JAMES Sept

Stock	Sales High Low Last ((Hads)	ing Stock	Sales High Low Last Chog	Strick Sales High Less (Hods)	Last Ching Stock	Sales High Low Last Ching (Finds)
Continu	ed from Page 45	Riblin RehmHi RioceNt1, 10	561 878 812 834 + 3 533 1578 1578 1578 + 14 3 31 51 2834 2814 2818 - 18	SudMic 955 14 13 StdRegs 44 23 640 267, 251, StrptSv1.431 85 181, 181,	26% + 1 11Cmm 24	1 14 31 44 431, 4314 21 555 20 1914 1915 + 1, 16 351 1774 1714 1774
PACE	97 71. 71a 71a	RoadSv1.10	24,2220 39°4 39 39 383 14 136 ₁ 137 ₄ - 4	Stars . 57 84 73	The Univide 33e	21 465 84 84 85+ 1
PCS PNC 1,68	55 79 u329, 321, 329, 1 13 2460 48's 47'2 48	RorCbA	20 1812 1812 1812 + 19 452 1112 1114 1112 + 14	Stwint 76 8 33 20 191- Stratus 39 1129 291, 281-	20 + 1/ I *******	30 186 37 35 367 ₈ + 3 ₂
Pacar 1.60e PacFst .20e	14 131 693, 69 691 ₂ 4 613 20 191 ₂ 191 ₂	2 RoseBs 16	12 1205 144 d144 144 t	StrubCl.93b 15 12 4614 461	454 - 1 1	6180 64 64 65-16 130 865 16 155 155
Panteca Parisan	.38 401 111 ₈ 101 ₉ 111 ₈ - 28 25 311 ₂ 313 ₈ 311 ₂	* Rossetr	້ 200 ອາ ₂ ອ2 ₂ 92 ₂ - ນ	Studius 32 725 725	725a - 12 VM SES	24 431 1612 1514 1634 - 12
Paultirs Paychx	23 232 17 17 17 17 17 45 25 28%		75 275 2412 24 - 24 - 14 52 1946 1412 1414 1412 + 18	Subers .38 \$4 1383 117 1112 Sufffin .20 18 47 141 133	14 - S Veliding	194 1988 41 37 37 37 5 418 1614 + 1
Payco	27 7 1012 1012 1012	·	SS 26 912 20% 19% 19%	SumitB 16 34 3112 3014 SunGrd 25 1545 1712 17	1714 + 4 Vallett 1.44	56 85 387 ₆ 581 ₂ 387 ₈ + 3
Pendes .88	14 20 321, 313, 323	SCOBU	17 200 1412 18 1412	SunMic 34 10387 37% 385, Sunwists 1a 10 430 324, 321,	374 - 1 Vicorp 324 ViewMs	15 554 114 104 114+ 12
Pentair .69 Penwis .	16 111 2612 2514 2512 - 16 182 2414 24 24 :	SHL Sva	239 1612 16 16 818 241 ₈ 231 ₈ 241 ₈ + 11 ₉	SymbT 50 527 40 385 Symblic 322 43 41	40 +1 Viscos	15 343 17 16 17 +1 84 513 217 ₈ 207 ₄ 213 ₄ +1
PeoBaC 1 PeopHrt.20e	59 16 6772 67 67 1252 181, 177, 181,	SKFAB1.AR	5 14 14 14	Systia 11 580 107a 106	107a YHAMA	2567 36% 28% 36% +1%, 780 u66% 68 66% +2%
PSBMas .60 PscWst	51 1874 1574 1574 1574 1 12 186 287 ₂ 2814 2814 1	Setchla .87	22.2898 21 203 21 + 1	SySottw 125 201, 191,	193 ₄ +1	ww
PercTc	15 194 812 d 712 8	Selects 9		System .12 29 1 261, 261, T	265 ₁ + 5 WED 40 1.32a Wallbro .40	24 75 3512 35 3512 14 1943 431 2912 3012 + 12
Perpile Petrite 1.12	25 37 351, 335, 3514		19 553 27 257, 254 + 4	TBCs 16 293 12 115 TCA 24 55 58 264 26		267 123, 12 12 12 56 53, 81, 81, 81,
Phrmet 15e	593 414 4 4 35 923 27% 27% 27%	SalCpt.	10 263 812 814 814	TCBY 36 668 1412 14	1414 WashEs1.28	19 98 167a 163a 163a + %
PhoxRe PicSava	11 152 11 1074 11 21 4998 2214 2175 2176	Salick SFFdt	24 279 134 131 134 + 4 172 184 181 184 + 4	TCF 28 86 11% 1114 TMK 28e 14 341 124 1212		4 1100 2012 2014 2014 + 14
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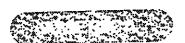
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FINANCIAL TIMES

WORLD STOCK MARKETS



Looming trade figures fail to dampen Dow

WALL STREET

MARKETS in blue chip stocks as well as US government bonds managed yesterday to sneak in a size-able rally on Wall Street ahead of the much feared figures for the nation's trade deficit due this morning, writes Gordon Cramb in

New York. The Dow Jones industrial average ended 26.78 higher at 2,576.05. Advances led declines by 1,108 to 480 as the NYSE composite index. reflecting the broader strength, rose 1.67 to 177.46. Volume quickened to 180.1m shares from Wed-

nesday's 164.9m. Bond yields at the long end came back below the 9.6 per cent threshold despite further warnings that the Federal Reserve could be expected again to increase its dis-

Mr Albert Wojnilower, the influential managing director of First Boston, said he saw "more than one" rise in the discount rate, the first of which could come by Thanksgiving This would probably be of a half point, matching last Fri-

day's rise to 6 per cent. Selling more exports has failed to compensate for buying more imports at higher prices. "The trade deficit measured in dollars has grown further and is unlikely to shrink materially soon." Consensus for the July figure awaited today is

The stock market showed signs of taking to heart the more bullish of the recommendations being pushed out by industry watchers for example Mr Joseph Granville has overnight told clients of his newsletter service that the sell-off the past two weeks had brought the market to a bottom which "should hold up through the balance of the

Meanwhile, the regional Bell telephone companies responded unen- \$81% while Merck, the sector's rethusiasticaly to a federal judicial ruling approving their entry into in formation services on restricted terms. The judgment would allow them to provide transmission services but not to supply information themselves. They also remain excluded from telephone manufacture

and long-distance phone business. Nynex, the New York area com-pany, advanced \$% to \$72%. Pacific Telesis firmed \$% to \$28%, Ameritech, at \$93%, was up \$%, but Bell Atlantic dipped \$% to \$73%. AT&T, the erstwhile parent who will thus have its operations largely secured, was \$% higher at \$32% in active

IBM, at \$ 157%, moved up \$% but was again outshone. Digital Equipment, which has just unveiled an aggressively priced batch of minicomputers and workstations, resumed its upward path with a \$7%

leap to \$189%. Other notable technology stocks were Amdahl, \$1% higher in busy American Stock Exchange dealings to \$42%, and on the Nasdaq market

Apple, which gained a further \$1 to

day, approaching its 52-week high of \$55%. The market's disaffection with the lowering of development sights at Cray Research continued. pulling the stock \$2% downward to

National Semiconductor was heavily traded and 5% higher at \$17%. General Electric also moved near the top of the actives list with

a \$% gain to \$60%. After the rescue on Wednesday of First City Bancorp of Texas, its shares lost nearly half their already minimal value as diehard holders attempted to get rid of the stock. At \$1 the price was down by \$%. Its two sets of cumulative preferred shares fared better, with the A series \$1% down at \$9% and the Bs off

\$1% to the same level. Others in the Texas banking see tor, misery-ridden for so long, were the much healthier First Republic-Bank which was unmoved at \$21,

and MCorp, \$\% lower at \$6\%. The Lone Star State was able to provide a better feature elsewhere in the market, though, as Texas Air shot up another \$1% to \$26% after an active \$1 rise on Wednesday. It remains far below the year's peak, of \$51%, however.

As domestic carriers attempted to mark up fare levels on the most useful routes, AMR on \$57% lost \$% of its recent rise and Delta firmed \$% to \$53%.

The broadcasting sector accorded leading role to CBS, which soared \$8% to \$199 after settling its differences overnight with A. C. Neilson and its new ratings system. Dun and Bradstreet, which owns Neilsen, gained \$1% to \$68%. Elsewhere Lorimar-Telepictures, the production house which makes Dallas, gained \$1 on the Amex to \$16%. It has found more support since giving up its network operating ambi-

In the pharmaceutical stocks Warner-Lambert picked up \$3% to cent darling, fell back \$% to \$212%. Credit markets sought to build or their midweek stability, assisted by an easing in federal funds to 7% per cent. Three-month Treasury yields came down six basis points to 6.51 per cent. The 2017 long bond, bearing an 8% per cent coupon, rallied 13/2 in price to 93%2 where it

CANADA

yielded 9.57 per cent.

GOOD GAINS in base metals lifted share prices in Toronto in moder-

The advance was led by Alcan Aluminum, which firmed C\$2% to C\$44% in busy trading. Cominco followed suit, up C\$1% to C\$21%, while Falconbridge moved C\$1% higher to C\$28% and Inco was ahead C\$1 at

Blue chips also helped to pull the

market up. Canadian Pacific gained CS% to CS27 a day after the company's president said he expected higher second half operating profits.

Rumours of fresh bond losses hit Tokyo trading

TOKYO

TALK that two medium-sized Japanese banks had suffered bond investment failures similar to those of Tateho depressed the bond market and was partly responsible for sending equities lower in Tokyo yesterday, writes Shigeo Nishi-waki of Jiji Press.

The Nikkei stock average slid 142,69 points to 24,795.24, reflecting falls in financials and pharmaceuticals. Volume shrank from Wednesday's 620.03m to 565.88m shares. Declines led advances by 549 to 358, with 131 issues unchanged.

A wait-and-see mood set in as financial institutions and business corporations prepared to close their books for the first half (April-September) of this fiscal year. Inves-tors were also awaiting the annoincement of US trade figures for

fulv due today. The market was depressed by a downslide of bond prices, triggered by rumours in the London, New dustry closed Y8 down a York and Tokyo financial markets rising Y21 at one stage.

and Kansai Sogo Bank both denied making such losses.

High-technology stocks were back in favour after moderate losses the previous day. Their return to grace was helped by a Fi-nance Ministry announcement that Japan's August trade surplus fell from a year earlier, the fourth suc-

cessive month it had moved lower. Mitsubishi Electric Corp rallied Y16 to Y615, NEC Corp was up Y50 at Y2,050, Matsushita Electric Industrial added Y60 to Y2,460 and Sony advanced Y60 to Y4,950.

Stocks related to Nippon Tele-graph and Telephone Corp (NTT) drew renewed interest after NTT announced a plan to boost equip-ment investment in the next fiscal year. Fujitsu climbed Y40 to Y1,330, Nitsuko was up Y30 at Y1,930, Kokusai Electric rose Y160 to Y3,180 and Matsushita Communication Industrial added Y130 to Y4,030. Against the trend, OKI Electric Industry closed Y8 down at Y845 after

that two Japanese sogo (mutual) Giant-capital steels and ship-banks had suffered large bond in-buildings faded in late trading-vestment losses. Kinki Sogo Bank They had a strong start after strengthening on buying by Nomura Securities. Kobe Steel topped the active stock list, with 53.12m shares traded, and finished Y6 down at Y299 after gaining Y7 at one stage. Nippon Steel, second busiest with 41.53m shares, was Y2 down at Y345 after firming Y6 in early trading.

> dustries advanced Y12 to Y612 and Sumitomo Metal Industries Y4 to The financial sector plunged on a broad front: Mitsui Bank lost Y90 to

However, Mitsubishi Heavy In-

Y2.450. Nomura Securities declined Y90 to Y4,330. biotechnology-linked stocks, Takeda Chemical dropped Y60 to Y3,190 and Yamanouchi Pharmaceutical was down Y20 at

Bonds moved widely in reaction to the rumours of sogo banks' bond

A FIRMER dollar gave support to

blue chips on most major bourses in

Europe yesterday while Scandinav-

ian markets returned to their re-

cord-breaking run after a one-day

Frankfurt was encouraged by the

dollar's overnight recovery and

moderate trade.

investment failures. The vield on the bellwether 5.1 per cent Government bond due in

at one stage due to small-lot selling by dealers. It later fell to close at 5.540 per cent in block trading on the Tokyo Stock Exchange. The late recovery was aided by an upturn in the December bond futures con-

On the Osaka Securities Exchange (OSE), shares continued their fall with selling centering on firms based in western Japan. The OSE stock average declined 182.90 points to 25,531.97, on an estimated volume of 94.83m shares, down 2.22m shares from the previ-

Nintendo slumped Y400 to Y11,300, Ono Pharmaceutical declined Y180 to Y7,620 and Torishima Pump was down Y50 to Y1.370. while Tateho Chemical Industries rebounded Y26 to Y646 and Toa Wool Spinning and Weaving advanced Y98 to Y871

HONG KONG

ous day.

BARGAIN-HUNTING helped Hong June 1996 advanced from Wednes-day's 5.440 per cent to 5.650 per cent two days of falls as the index fu-

mours surrounded the Jardine Ma- A\$9.60. theson group and a key property

The Hang Seng index rose 23.32 to 3,600.96 in still heavy trading worth HK52.1bn and the Hong Kong index was up 15.92 at 2,367.62.

sociate Hongkong Land, up 20 cents at HK\$8.10, and Sun Hung Kai Pro-perties, 50 cents higher at HK\$18.50. Jardine Matheson added 20 cents to HK\$21.60.

AUSTRALIA

A SLIGHTLY steadier tone left Sydney share prices mixed, with industrials showing some good gains while miners were generally depressed by lower bullion prices. The All Ordinaries index lost just 3.5 points to 2,185.0.

Among golds, Kidston lost 20 Trading in UIC and UOL was suscents to A\$7.20 and Gold Mines of pended pending an announcement.

tures market recovered and ru- Kalgoorlie was down 26 cents at

On the industrial board, News Corp advanced 50 cents to A\$22.80 in thin turnover and situation stock John Fairfax ended 8 higher at AS9

Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Mathematical Properties were particularly strong amid rumours of a planned link between Jardine Properties were particularly strong amid rumours of a planned link between Jardine Properties were particularly strong amid rumours of a planned link between Jardine Properties were particularly strong amid rumours of a planned link between Jardine Properties were particularly strong amid rumours of a planned link between link

SINGAPORE

LETHARGY took hold of Singapore as institutional investors stayed away and prices finished mixed to lower in very thin trading. The Straits Times industrial index ended slightly down at 1,475.81, a fall of 6.36 points.

A handful of blue chips edged higher, with Singapore Airlines back at its 1987 high of SS15 with a gain of 10 cents and Sime Darby up 2 cents at S\$3.56.

Trading in UIC and UOL was sus-

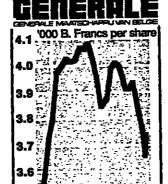
Composure returns to Brussels after plunge

THE BELGIAN stock market regained its poise yesterday after a two-day free fall in which small investors had scrambled to unspeculative positions, writes Will Dawkins in Brus-

The forward index opened 15.1 higher at 4,489 and dealers expected it to end trading at similar levels. However, the general stock index, which represents shares traded for cash rather than dealt on account, presented a more gloomy picture, down 13.25 points at 5,008.62.

consolidation Yesterday's comes after several months of frenetic activity during which share prices reached record highs before falling back earlier this week. Brokers attributed yesterday's

trend to the dollar's new stability and a surprise recovery in the gique, the country's largest industrial holding company. Its or-dinary shares climbed BFr60 to BFr3,720, ending a seven-day decline, but were still far below the BFr4,155 peak hit in mid-July at the height of speculation that a bidder could be preparing to



sponse to a more than 60 per cent increase in authorised capital designed to dilute potential attack-

15 Jun

Other main share movements among the leading companies yesterday included the Solvay chemicals group, down BFr300 at BFr14,200, and Gevaert, an industrial holding group, down BFr250 at BFr7,750 on news that first half earnings would be lower than expected.

Blue chips rise on cue from dollar LONDON

EUROPE

UK SECURITIES markets opened more brightly on a steadier US bond market and further success in stabilising the dollar. But UK investment institutions again showed little enthusiasm and the markets were unable to

moved broadly higher led by cars and electrical issues. The Commerzbank index rose 25.9 to 1,973.9 in extend their early gains. The FT-SE 100 index ended

Daimler continued its advance on news that it is seeking a stake in the French Matra group, adding DM8.50 to DM1,101. BMW was up DM3 at DM755, but VW lost DM5.50

In electricals, AEG firmed DM12.30 to DM341.30 and Siemens ras up DM 3.50 to DM 644.50. Banks were broadly higher led by Commerzbank which gained DM4

Bonds firmed on a lively bourse as retail buyers returned to the as retail buyers returned as retail buyers returned sold issues.

market. The Bundesbank sold issues.

The Credit Suisse index rose 8.1 DM178.8m worth of paper after sell-

ing DM98.7m on Wednesday. Amsterdam advanced across a broad front as buying interest SFr100 to SFr14.800 and Ciba-Geigy picked up on the dollar's mild recov- bearers put on SFr75 to SFr3.850. ery. The ANP-CBS index rose 4.1 to

at Fl 264.50 after announcing an unchanged Fl 4.50 interim dividend.

to 603.6 in moderate trade. Chemical company Sandoz rose

Banks posted modest advances 310.4 supported by gains in blue and insurers made good gains.

Paris took heart from the over-

only 4.1 higher at 2,253.2 and the FT Ordinary index was up 5.2 at 1,761.3. Business was largely confined to situation stocks. Government bonds began well but there was some concern later over stories from Tokyo about tures. Details, Page 42.

Royal Dutch ended Fl 4.50 higher night steadiness on Wall Street and the recovery of the dollar. The CAC Akzo was up Fl 3.70 at Fl 172.90 and Unilever rose FI 1.70 to FI

Amey firming 70 cents to F1 61.30. Zurich reacted to the firmer dollar and moved higher buoyed by se- farge Coppée gained FFr20 to lective buying in blue chips and FFr1,700.

index rose 1.8 to 430.9 in moderately active trade with blue chips leading the recovery. Foreign and domestic investors

Insurers performed well with Aegon adding FI 1 to FI 87.90 and recent decline in prices. Cie du Midi rose FFr35 to FFr1,388, Pengeot climbed FFr29 to FFr1,623 and La-

a takeover attempt by Chargeurs, rose FFr77 to a year's high of

opened and saw good buying activity in Paribas and Peugeot Decem-

ber call options.

of SKr725m. Blue chips forged ahead with Volvo adding SKr3 to SKr399, Saab-

Scania up SKr6 at SKr268 and Ericsson SKr2 higher at SKr234. Oslo rose to a record on higher oil prices and bargain-hunting after Wednesday's technical correction. Indications that money market rates would go down also helped

the market, brokers said. The all-share index advanced 9.02 to 420.02 on turnover worth a record NKr360m, up NKr70m from the pre-

vious high set on Tuesday. Madrid continued its weak trend and closed lower on light profit-taking. The general index slipped 0.45 to 306.47.

gins as Banestro dropped 45 percentage points to 1,120 per cent of nominal value while Popular added 74 percentage points to 1,860.

Banks moved within wide mar-

Milan firmed in thin trading as a technical reaction to a run of down-FF7581. ward sessions. The MIB index The new share options market added 4 to 837 with modest adward sessions. The MIB index

vances in most sectors. Insurers, which have suffered in recent sessions, recovered with Stockholm surged to a peak in Generali up L500 at L122,800 and

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SOUTHAFRICA A feature of the market was the

THE GOLD market in Johannesburg had an uneven day with spurts of buying interest and some investor caution prior to the release of the South African production price

index and US trade deficit data. Among leading gold stocks, Vaal Reefs eased R2 to R463 but Rand-

Kinross was up R1 at R88. In the cheaper gold issues, Bracken slipped 20 cents to R7.50 and Leslie moved up 35 cents to R7.65.

93.61

92.51

93.63

93.56

fontein gained R5.50 to R433.50 and

new listing of the gold mine Osprey which was issued at 75 cents, opened at R2.30 and closed at R3. Diamond share De Beers eased

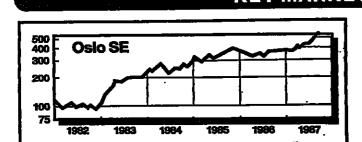
35 cents to R52.15 while platinum shares followed the mixed trend of

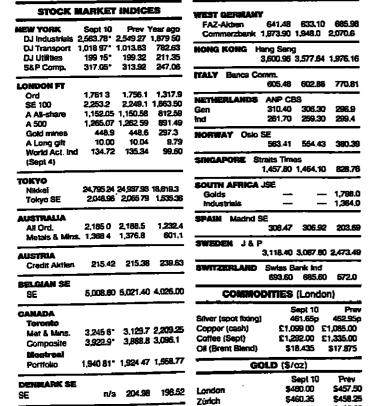
Brent

Oil Price

Minings were also mixed with Anglo American slipping 25 cents to R89.75 and Gencor adding R1.75 to

KEY MARKET MONITORS





Zürlch

430.90 429.10 402.3 111.80 111.30

96.49

FRANCE

Paris (fixing)

\$460.90

\$458,28

	196	2	1983	1984		5 	1986	1967	}
_	CURRE	NCIES	(London)	1		U	S BOND	\$	
S		Previous 1.7965			Treasu 7% 1989	Septe Price		Price 98 ²⁴ sr	rev Yield 8.41
Yen FFr SFr Pl Lira	142.50 6.0425 1.4950 2.0320 1,308.5	141.55 6.0125 1.4870 2.0220 1,301.5 37.35	9.9400 2.4800 3.3425	9.9275 2.4550	7 1994 8% 1997 8% 2017 Source: I	94 ²⁴ 5e 92 ⁴⁶ 5e	9.44	93"/m 94"/m 92"/m ps Bank	9.28 9.475 9.63
G\$	37.55 1.3210	1,3205 REST R	2.1735		Treasu	Septen	nber 10	Yield	Day's
(3-man £ SI DI PT FT Lor (affered	ili Tr ndon interi	nte)	3% 4% 8%	Prev 10% 3% 4 8%a	Maturity (years) 1-30 1-10 1- 3 3- 5 15-30 Source:	163.17 154.63 144.03 157.57 193.58	+0.23 +0.12 +0.07 +0.17 +0.59	6.93 6.88 6.37 6.71 7.78	-0.03 -0.03 -0.03 -0.03 -0.03
8-1 U\$ Fe U\$3-0	month US\$ d Funds nouth CDs nouth T-bi		8 .	8¼ 6¾ 7.675 8.64	Corper	Septi Price		P Price	rev Yleid
	FINANC	AAL F	TURES		AT&TS	92.25		92.75 % Jan 19	6.76 93
US To 8% 32r Sept 16	nasury Bo	nds (C8		Prev	Philbro :	101.0	10.63 pril 1996	101.0 86.85	10.63
(Sept)	83-27 pastery Bill pints of 100	84-06 (HMM)	63-12		TRW 87	Merch 92.17		91.90	10.20